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NEWS SUMMARY

GENERAL

Israeli arms sold to Ethiopia

As the U.S. grew increasingly concerned about the situation in the Horn of Africa after reports that Cuban pilots might be flying Ethiopian jets against Somalia, Mr. Moshe Dayan, Israeli Foreign Minister, admitted in Zurich that Israel had sold arms to Ethiopia.

Mr. Dayan said that Israel had a clear interest in maintaining its long-lasting friendly relations with Ethiopia, particularly because of that country's strategic position along a vital sea link to Israel. The arms were being used against Somalia.

Somali guerillas have retreated from several positions around the strategic city of Harar after heavy strikes by Ethiopian jets and artillery, a commander of Somali forces in the area said.

The retreat was "forced by enormous military bombardments directed by Soviet and Cuban personnel." Ethiopian jets had been strafing and bombing his forces, fighting to hold vital territory in the Ogaden dispute. Back Page Parliament, Page 11

Sadat attack on Israel

President Sadat of Egypt accused Israel of retreating into "the vicious circle of arguing over every word and comma," thereby jeopardising the chances of peace in the Middle East. Addressing the National Press Club in Washington, he said he had the impression that Israel was engaging in "a deliberate attempt to erase the impact" of his initiative in visiting Jerusalem. President Sadat is to confer with Dr. Kurt Waldheim, UN general secretary, in New York to-morrow. Anti-Sadat States to aid Syria, Page 4

Smith has '11,200 mercenaries'

About 11,200 mercenaries, including 600 Israeli commandos, were fighting against nationalist guerillas in Rhodesia. Mr. Joshua Nkomo, co-leader of the Patriotic Front guerilla alliance, claimed in Lusaka, Zambia.

Soviets dump cosmic rubbish

Two Soviet cosmonauts yesterday separated the Progress-1 cargo craft from their orbiting Salyut-6 space station and sent it off, packed with rubbish like a cosmic dustbin, to burn up in the earth's atmosphere. Parts of the seven ton craft may hit the earth, but the Soviet scientists emphasised that it would land in a remote part of the Pacific.

MPs on the air

The broadcasting of Parliament is to go ahead after Easter, the Commons decided last night. A Government motion to set up a select committee of six to join a similar Lords committee to oversee broadcasting was agreed without a vote.

Basque blasts

Bomb explosions wrecked a TV relay station near Palencia, Spain, disrupting broadcasts from Madrid to the Basque country, Galicia and Asturias.

Giantkillers

Northern premier league's Blyth Spartans beat Second Division Stoke at Stoke 3—2 in the fourth round of the F.A. Cup. Other results: Wrexham 4, Newcastle United 0; Bolton 1, Mansfield Town 0. Blyth play Wrexham in the next round.

Briefly . . .

An Israeli Jaffa orange poisoned with mercury has been bought at a London branch of Marks and Spencer.

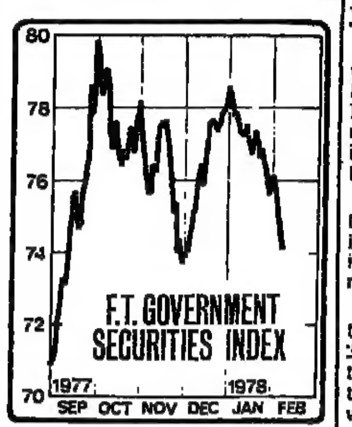
A schoolteacher, aged 29, was found guilty at Bristol Crown Court of conspiring to supply the drug LSD to a drug ring. Sentence will be passed later.

Mrs. Muriel Humphrey, 65, widow of Senator Hubert Humphrey, was sworn in as senator in her late husband's Minnesota seat.

BUSINESS

Gilts slip further: equities stay dull

● GILTS met widespread losses, reflecting growing pressure on the Government's pay guidelines and uncertainties about the financial background. Falls extended to 1½ in longs and to ½ in shorts. Government Securities index shed 0.78 to 74.05 its lowest since December 1.



● EQUITIES drifted, with the FT 30-share index down 0.6 at 458.1. Falls led rises in FT-quoted Industrials by nearly 5—1.

● STERLING fell 25 points to $1.9390, while its trade-weighted index slipped to 66.3 (66.4). Dollar's weighted average was 4.45 (4.39) per cent

● GOLD rose 25c to $175¾.

● WALL STREET closed 2.34 lower at 768.62.

● MR. JOEL BARNETT, Chief Secretary to the Treasury, warned MPs against the "danger of expecting too much in the way of cuts in direct tax in the immediate years ahead." He admitted that the unemployment rate was unlikely to fall to 3 per cent. next year. Back Page. MPs to review spending. Page 8

NEB allowed to sell stakes

● NATIONAL ENTERPRISE Board attempts to win over its critics have been helped by the Government agreeing that it can sell off investments of up to £1m. without detailed Industry Department approval. Back Page. British Leyland plans for a sweeping reorganisation of its finances, enabling it to exercise far more independence than during the last two years of State ownership, have been approved by the NEB. Page 8

● FORD plans a major onslaught on the U.K. car market to maintain the 30 per cent. share it achieved late last year and through into January. Back Page.

● HOUSE STARTS reached only 266,200 last year, 50,000 below the previous 12 months. Building Societies Association is seeking a large increase in the £25,000 limit for tax relief on mortgages. Page 9

● ARGYLL FIELD oil production has been suspended for up to six weeks for repairs to its storm-battered platform. Security officials are to investigate a power failure and a hoax call at the Thistle Field. Page 8

● PHARMACEUTICALS industry claims it could lose £260m. in sales if amendments are not made to the Patents Act, due to come into force later this year. Page 9

● CONSUMER DEMAND recovered sharply in December, though it was well down over the year as a whole. Page 8

● LABOUR PARTY has taken a first step towards ending the use of the Channel Islands as a tax haven by sending two MPs to investigate. Page 11

● DISTILLERS is to spend £4.7m. at its Wandsworth plant to increase capacity by 50 per cent. to help meet demand for its gin brands. Page 21

● USINOR, France's leading steel concern, expects its 1977 results to be worse than previous years, with little chance of a return to profits this year. Page 22

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated.)

RISES		
Camellia Invs.	205	+ 11
Dixor	42	+ 4
Hamilborne	44	+ 4
Hawkins & Tipson	76½	+ 5½
Tomkinsons	62	+ 4
Wigfall (H.)	266	+ 4
Comalco	225	+ 10
RCM	65	+ 5
FALLS		
Treasury 11½% 1981 £103¾		— ½
Treasury 13½% 1997 £109¾		— 1¼
Adams & Gibbon	80	— 7
Amal. Power	116	— 6
Appleyard	78	— 8
Bluebird Conf.	144	— 9
Churchbury Ests.	237	— 8
Coral Leisure	112	— 4
Derby Trust Cap.	144	— 8
Dualvest Cap.	186	— 12
Family Inv.	72	— 7
Harrison (T. C.)	100	— 10
Lebus (Harris)	58	— 6
Morrison (W.)	165	— 8
Muirhead	178	— 6
Norton & Wright	174	— 9
Reed Intl.	116	— 7
Royal Ins.	370	— 5
Tube Invs.	380	— 6
Vickers	179	— 5
Wilkinson Match	178	— 8
Marievale	83	— 5
Pancontinental	775	— 30

Pay row continues on eve of Commons vote

Sanctions policy to stay despite Silkin admission

BY CHRISTIAN TYLER, LABOUR EDITOR

The Government is to continue its use of sanctions against companies which breach the pay guidelines, despite an admission in the Court of Appeal yesterday that a warning to one company was "unfortunately worded."

Mr. Sam Silkin, the Attorney-General, told Lord Denning on behalf of the Department of Employment that the Government had no intention of inducing companies not to honour their contractual obligations.

But he said that did not affect the Government's right to "place its contracts in the manner which in its view will best serve the national interest."

Last night the Electrical Contractors' Association told its 2,300 member-companies that they could honour that part of the national pay agreement to which the Department had been, and still is, objecting.

The case involved one member, Holliday Hall, which dropped an application for an injunction against the Electrical and Plumbing Trades Union after the Attorney-General's statement.

But the association said there was a possibility that the Government would choose non-member companies for future State contracts if it thought the agreement breached the guidelines. It would be difficult to prove that a company's tender for a contract had been refused on incomes policy grounds, a spokesman said.

Mr. Frank Chapple, EPTU general secretary, who attended the hearing, said last night he was awaiting formal confirmation of the association's decision before lifting official strikes against Holliday Hall or other contractors.

Mr. Chapple said yesterday's events in court applied only to the building industry. But he added that the Government decision to involve itself in private negotiations was bound to have this kind of result. He blamed a "bloody awful" Civil Service which did not understand pay negotiations for getting the Government into trouble.

Referring to the company's suggestion to the union last week that it should sue the company for breach of agreement, he said. "The reason we did not take the company to court was that we did not want to attack the Government.

"I don't want to bring any Government down — I leave that to the miners' union."

Sir Rupert Speir, chairman of Holliday Hall, said: "I think it was an exceptional case. I don't think it opens the floodgates."

The company had been "caught in a crossfire between the Government and the union," and the strike, together with legal expenses, had cost it about £30,000.

A Government spokesman said the threat of sanctions had not been withdrawn, that they were lawful and were unaffected by the Holliday Hall case.

The blame is apparently being put down to an excess of zeal by a civil servant.

Likewise, the complaint by the John Lewis Partnership that it was put on the blacklist without its knowledge is being ascribed to administrative error. The Treasury said last night it had apologised to the group in January.

However, some legal experts and Opposition spokesmen said the Attorney-General had merely dodged, with some political skill,

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Tory bid to win Left-wing support

By Richard Evans, Lobby Editor

MINISTERS ARE confidently expecting to win to-night's Commons vote on the Government's use of discretionary powers to make companies conform to the 10 per cent. pay guidelines, despite a Conservative tactic to tempt Labour Left-wingers into rebelling.

The Shadow Cabinet, determined to make maximum political capital out of the Government's difficulties in trying to keep secret its blacklist of companies, decided to adopt word-for-word a critical Left-wing resolution condemning the use of sanctions against companies who have agreed pay settlements above 10 per cent.

The intention was to oblige the 27 Left-wing signatories to join the Conservatives in tonights vote, but there is no sign they will do so. A Government defeat would be acutely embarrassing.

There were few MPs present at a meeting of the Tribune Group last night and a final decision on tactics will be left until to-day. But there was no sign that any Left-wingers will vote with the Tories, and even if some abstain the Government seems safe because of support from the Liberals.

The Government's policy will be defended to-day by Mr. Roy Hattersley, Secretary for Prices and Consumer Affairs, and Mr. Joel Barnett, Chief Secretary to the Treasury.

Stonewall

Ministers continued to stonewall on the blacklist and the use of discretionary powers either or written replies to MPs last night.

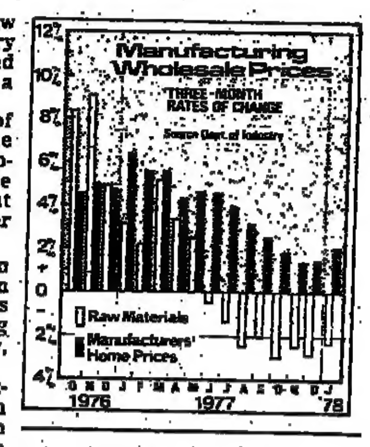
Mr. Barnett, questioned by Mr. Michael Latham, Conservative MP for Melton, on a number of companies alleged to be on the blacklist, replied that the Government considered it appropriate only to confirm or deny that discretionary action was being taken against a company in cases where the company had already made a public announcement.

He confirmed that four companies mentioned by Mr. Latham were subject to discretionary action because of pay settlements in breach of the guidelines. These were P. Shirley Smith of Knowle, Solihull, Hall Foundries of Warley, West Midlands, High Speed Turnings of Kirkby, Liverpool, and Delapre Precision Engineering of Northants.

Cost of raw materials still falling

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE COST of industry's raw materials and fuel fell in January for the ninth month running and is now 3.5 per cent. lower than a year ago.



This reflects the impact both of the rise in sterling and stable world commodity prices. It supports Government hopes that the rate of price inflation throughout 1978 will be significantly lower than in the last few years.

However, the recent slow down in the underlying increase in factory gate output prices charged by manufacturing industry has, at least temporarily, come to a halt.

The underlying trend—the six-monthly rate expressed on an annual basis — has now been about 8.5 per cent. for two months. This is the lowest rate for nearly five years.

The levelling out of this underlying trend may partly reflect seasonal factors which boosted the January rise. The output index rose by 1.3 per cent. to 276.9 (1970=100) the largest monthly increase since last July.

However the Department of Industry said that "some of this increase can be attributed to the annual bunching of price increase at the beginning of the year." This was reflected in a sharp rise in notifications to the Price Commission in December and the increase in the index last month was the smallest in any January since 1973.

WHOLESALE PRICES (1970=100)

		Output (home sales)	Raw Materials
1976	1st	206.9	266.5
	2nd	214.4	292.6
	3rd	223.2	306.8
	4th	233.9	329.9
1977	1st	248.0	341.5
	2nd	259.2	347.7
	3rd	267.7	340.5
	4th	272.1*	330.8*
	Aug.	268.1	338.8
	Sept.	269.2	338.1
	Oct.	271.0	333.8
	Nov.	272.0	329.9
	Dec.	273.3*	328.7*
1978	Jan.	276.9*	326.4*

* provisional
Source: Department of Industry

Decline

Indeed the improvement compared with a year ago is shown by a decline in the 12-month rate of increase in the output price index from 15.25 per cent. in December to 13 per cent. in December to 13 per cent. last month.

The latest figures provide firm support for official hopes that the 12-month rate of retail price inflation—12.1 per cent. in the year to mid-December—should be down into single figures within a couple of months.

Moreover, the recent trend in raw material costs—down 6.3 per cent. since May—suggests that the 12-month rate of retail price inflation could remain in single figures at least until towards the end of the year. This view stands even though the rise in earnings in the current pay round is almost certain to be above the 10 per cent. official limit and possibly between 12 and 14 per cent. according to the latest Whitehall estimates.

The rise in labour costs only accounts for part of the gap between the fall in raw material costs since last spring and the increase (admittedly small) in output prices. The figures suggest that industry has also been trying to increase its profit margins.

The fall in the index of the cost of raw materials last month—down about 0.75 per cent. to 326.4 (1970=100)—followed the sharp rise in sterling at the beginning of the year.

The average effective exchange rate rose by 3.4 per cent. last month and the biggest impact was on the index of the cost of materials bought by manufacturing industry outside the food sector. This fell by 2.6 per cent. in January with crude oil accounting for half the decline and non-ferrous metals and wood pulp also significant contributors.

In contrast, the index of the cost of materials purchased by food manufacturing companies rose by 2.75 per cent. last month as a result of higher prices for both home-produced and imported materials.

£ in New York

	February 6	Previous
Spot	$1.9380-9395	$1.9415-9430
1 month	0.05 dis-nil	0.02-0.03 prem.
3 months	0.18-0.07 dis	0.09-0.07 prem
12 months	0.60-0.40 dis	0.50-0.10 dis

Pressure on franc eases after modest intervention

BY DAVID CURRY AND DAVID WHITE

PARIS, Feb. 6.

PRESSURE AGAINST the French franc slackened noticeably to-day as the Bank of France again intervened modestly with sales of foreign exchange and further raised interest rates on the domestic money market to their highest level for 11 months.

However, both the D-mark and the Swiss franc moved to record highs as the French Communists warned of the need to halt outgoing flows of capital.

A senior Communist, M. Charles Fiterman, said to-day that the Communists would take action to stop the "unjustified flight of capital" if they came to power after the March general election.

He indicated that foreign exchange controls would be tightened and access to the Euro-currency market would be further restricted.

It is widely believed that a Left-wing government would have to take immediate steps to isolate France's economy at least to some extent from the outside world to push through its economic programme of massive reflation and nationalisation without provoking a panic flight of money.

At a separate Press conference M. George Marchais, the Communist leader, said the Left's plans for nationalising the banks and major industrial groups would, under the Communist programme, be put to Parliament in the first weeks after the final election results on March 19.

Decrees making the nationalisations effective would be brought in immediately after the Assembly's approval.

Other priorities set for the opening days of the combined Government of the Left would be an increase in the minimum wage, the opening of union-management pay talks and a six-month freeze on the price of essential goods.

To-day, the D-Mark rose to F-Frs.2.3570 and the Swiss franc to F-Frs.2.5300.

The highest point reached by the dollar to-day was F-Frs 4.95. Its slight decline towards the

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Swan Hunter cuts 1,152 jobs

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

SWAN HUNTER'S work force yesterday paid the penalty for turning its back on the Polish shipbuilding order. The Tyneside company announced that 1,152 men would lose their jobs in May.

This represents more than 10 per cent. of the payroll and will principally affect boilermakers, of whom 985 will receive 90-day redundancy notices.

The remaining notices will go to men in ancillary trades and will not involve the outfitters, whose initial refusal to lift an overtime ban started the spate of labour confrontations which has bedevilled the placing of the Polish order.

At the end of last year, when Swan Hunter's £50m. share of the £115m. Polish order was first placed in doubt, the company talked of a threat to between 700 and 800 jobs.

Union leaders at national and local level made it clear last night that they would use the next 90 days to fight the redundancies and to negotiate the best possible terms for those whose jobs are lost.

Efforts will also continue during the 90-day notice period to find agreement among unions on a chairman and terms of reference for the inquiry into labour problems at Swan Hunter, which British Shipbuilders, the parent corporation, has promised. This question was raised in talks between British Shipbuilders and the Confederation of Shipbuilding and Engineering Unions in London last week, but little progress seems to have been made.

One persistent difficulty for both unions and employers in sorting out the pay differentials tangle in the Tyneside yards is the disruption being caused by a wave of fair wages hearings in the industry.

Swan Hunter boilermakers are due to put their case to such a hearing to-morrow. They hope to win an award which will re-store a differential lost to the company's outfitting trades as a result of an earlier ruling.

Meanwhile Swan Hunter's desperate search for orders goes on. There is no chance of it getting orders through British Shipbuilders or for defence contracts as long as normal working is being interrupted, even though the Royal Navy is known to be anxious to place a contract for its third through-deck cruiser on Tyneside.

If more orders are not found further redundancies are likely later in the year.

Another dispute involving a Tyneside member of British Shipbuilders worsened yesterday when another 48 men from Tyne Shiprepairers were laid off because of shortage of work resulting from a two-week-old overtime ban by boilermakers in support of a pay claim. Since Thursday 861 men have been made idle —about a quarter of the work-force.

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EUROPEAN NEWS

Marchais unveils updated poll programme

BY DAVID WHITE

PARIS, Feb. 6.

THE FRENCH Communist Party to-day launched its own "updated version" of the Common Programme of the Left over which the party fell out with the Socialists last year.

The Left's plans for nationalising banks and industrial groups, would, under the Communist programme, be put to Parliament in the first weeks after the final election results on March 19, and decrees making the nationalisations effective brought in immediately after Parliament's approval.

Measures are envisaged to block "an unjustified flight of capital after the accession of a left-wing government."

Other priorities set for the opening days of a combined government of the Left would be an increase in the minimum wage, the opening of union-management pay talks and a six-month freeze on prices of essential goods.

M. Georges Marchais, the Communist leader, sent out a rallying call to his supporters to provide a more decisive share of the vote than the 21 per cent. which the latest public opinion poll has estimated the Communists would win.

The Socialist Party, biggest of the three groups which formed the Common Programme of the Left in 1972, has refused to discuss the programme again until after the election. But M. Marchais said that given a big enough share of the vote, "we can bring the Socialist Party back to a more reasonable position."

THE FRENCH ELECTIONS

M. Marchais repeated his party's claim to ministerial positions in proportion to votes cast in the first round. He would not accept any discrimination in the distribution of portfolios, he said.

He refused to be drawn on claims last week by M. Michel Poniatowski, the former Interior Minister and a close lieutenant of President Giscard d'Estaing, who said the Communists wanted seven Cabinet posts including several key ones. But M. Marchais said there would be "no contradiction between having seven Ministers in a Cabinet of 20 or 21," and the share of votes which the Communists could expect to receive.

M. Marchais confirmed Communist proposals to raise Frs.40bn. (about £4.4bn.) in the first year of government by taxing high income groups and plans to mobilise industry in order to create a total of 500,000 new jobs a year.

POLITICS AND THE FRANC

The crisis behind the crisis

BY ROBERT MAUTHNER IN PARIS

FOR ONCE, an economic prediction made as long as one year ago has turned out to be right. The pundits have been forecasting repeatedly that the prospects of a left-wing victory at the general election in March would produce a run on the franc as polling day drew nearer. The fact that it did not happen earlier can be attributed at least partly to the comparatively satisfactory performance of the French economy recently and to the rigorous implementation of the austerity policy of Mr. Raymond Barre, the Prime Minister.

The results of the successive "Barre plans" may not have been brilliant, but they are by no means negligible. The trade deficit was cut by half in 1977 to Frs.11bn. (about £1.1bn.) and the monthly trade accounts have been moving steadily into surplus. Inflation is on a downward trend and in single figures. Unemployment is very high at more than 1m., but it has also been coming down slowly in recent months. The foreign exchange reserves, which currently stand at around Frs109bn., are substantial and French credit at the IMF remains intact.

In short, whatever criticism may be levelled at the Government by its political opponents, there are no fundamental economic reasons which can adequately explain the sudden loss of confidence in the exchange markets and the business community in the franc. The root of the problem is political. Any doubts about the country's future economic performance are based mainly on what would happen if the Left came to power. Rightly or not, the markets clearly believe that the implementation of its economic policies, particularly the sweeping nationalisation programme, would spell economic and financial disaster.

Given the constantly shifting sands of the French political scene and the unpredictability of some of the country's leading politicians, the markets understandably adopted a "wait-and-see" attitude, until they were finally overcome by a fit of jitters last week.

The prospect of a victory of the Left had been in the air for a long time, but appeared to fade in September last year, following the breakdown of negotiations between the Socialists and Communists on a revision of their common programme. In the absence of such a programme, it seemed improbable that the parties of the Left would be able to form a joint Government and it was widely believed that their fratricidal quarrels would lose them the support of a large number of disillusioned voters. In the autumn of last year, the likelihood of a victory of the present coalition parties suddenly increased and the mood of the business and financial community became more sanguine.

That optimism has been progressively eroded by a series of public opinion polls and statements from political leaders during the past two or three weeks. The polls showed that, in spite of the dismal spectacle of their disagreements, the parties of the Left have not been abandoned by the electorate. Every single recent poll has found that at least 51 per cent. of voters still intend to vote for the Left. The Government parties can currently muster no more than 45 per cent.

The effect of the polls upon market opinion was amplified by President Giscard d'Estaing's speech in Burgundy at the end of last month, in which he clearly stated that he did not have the power to prevent a Government of the Left from implementing its programme.

M. Giscard's remarks dispelled a widely held belief that, because of the pre-eminent position and great powers given to the President by the constitution of the Fifth Republic, he could impose his will on any government.

To cap everything, M. Barre and M. Francois Mitterrand became involved in a public quarrel last week which focused public attention on the serious risk of a constitutional crisis if the Left came to power. All this may have been engineered by the Government in an attempt to persuade the electorate that it would be opting for chaos if it voted for the Left, but no one has ever denied that a real problem exists.

The constitution of 1958, which was revised in 1962 after a referendum approving the election of the President by universal suffrage, is undoubtedly an impressive document. It has given the country stable government for 20 years after the chronic instability of the Fourth Republic. But it is a fair weather instrument which does not properly provide for a situation in which a President of one political colour is suddenly faced with a Parliament of a completely different hue.

Presidents de Gaulle and Pompidou could both count on loyal, not to say servile Parliamentary majorities to rubber-stamp their policies and pass their legislation. Even President Giscard, though he is not a Gaullist and has had to depend on a Gaullist-dominated majority, has been able to hold the line—not without some difficulty, it should be said, and at the expense of several sharp confrontations with the Gaullists.

The most serious of them led to the resignation of the Gaullist leader, M. Jacques Chirac, as Prime Minister in August 1976. But at least the parties supporting M. Giscard have had a basic political and economic philosophy in common — that of a free enterprise capitalist society.

The position would be very different if the President had to work in harness with a Government and parties whose avowed aim is to introduce a socialist system which is contrary to all M. Giscard's fundamentally liberal ideas on how the country should be run.

The manner in which such a conflict would be resolved is currently the subject of [illegible]. Presidents have not hesitated to get rid of Ministers who became too overweening and independent. M. Pompidou even managed to divest himself of M. Jacques Chaban-Delmas after the latter had obtained a vote of confidence from the National Assembly for his policies, knowing that, as effective head of the Gaullist party, the President ran virtually no risk of a revolt among his troops.

The great authority and power of the French Presidency spring not only from the articles in the constitution which specify that he appoints the Prime Minister and can dissolve Parliament, but from the fact that he is elected by universal suffrage, just like the National Assembly. He can therefore justly claim that he embodies the will of the people as much as Parliament does. Yet one can hardly see M. Mitterrand, if he were appointed Prime Minister after a victory of the Left, agreeing to stand down at the President's request as long as his parliamentary support remains intact.

In the event of a conflict, M. Giscard would therefore be faced with a choice between bowing to the will of the Government and of Parliament, which would be tantamount to accepting a devaluation of the Presidency, or of dissolving Parliament. If, at the ensuing general election, the country again opted for the Left, the President would doubtless have to resign, in spite of the fact that he has always said that he intends to complete his term which runs out in 1981. A presidential election would have to be called. It would still be possible, if he agreed to run again, for M. Giscard to be re-elected and the constitutional deadlock would then be complete.

As Madame Francoise Giroud, a former Minister and leading [illegible] pointed out, the French constitution [illegible] ingenious that it enables the French people to vote for a man every seven years and every five years against his policies." One day, therefore, the constitution may have to be revised. The battle over this issue could well provoke a crisis of monumental proportions.

President Valery Giscard d'Estaing of France and West German Chancellor Helmut Schmidt began two days of talks in Paris yesterday with a discussion of international economic problems, writes Robert Mauthner. They proposed that an economic summit of the seven major industrialised countries should take place in Bonn in July, and approved in principle Greece's early entry into the Common Market. It was recognised, however, that Greek membership presupposed a satisfactory solution of the problem of its agricultural exports which will compete directly with the Mediterranean produce of existing EEC members.

Although they discussed the prospects for future European civil aircraft projects, Herr Schmidt said in a television interview that the time was not yet ripe for a final decision on the joint construction of a new medium-haul airliner.

Employers attack Left's plans for industry

By David Curry

THE FRENCH employers' organisation, the Patronat, which the Socialists have been showing an interest in wooing, has launched a ferocious attack on the Common Programme of the Left which the Socialists say they will implement if they win the March general election.

The Patronat's strong preference for a Government victory has never been in doubt and over recent months it has launched its own effort to recruit young people into jobs to trim the pre-electoral unemployment totals. Its specific condemnation of the Left reflects the growing anxiety at the evidence of opinion polls that the Socialists and Communists may yet pull off an election victory and at the recent remark by the Communist leader, M. Georges Marchais, that his party would claim around a third of the big Ministries.

M. Francois Ceyrac, a Patronat chairman, this weekend denounced the joint programme as a "formidable threat" to companies and the economy. "The Common Programme wishes to develop, virtually unchecked, an immense public sector by nationalising hundreds of companies. It wishes to constrain other concerns that depend entirely on credit, which has become a state monopoly, by increasing their social security contributions and blocking their prices," charged M. Ceyrac.

Insisting that his comments were concerned with the economic programme of the Left and were not, as such, political in nature, M. Ceyrac said that smaller companies would be the first to go to the wall.

M. Ceyrac's statement did not specify detailed objections to the Common Programme. The main one, however, includes the effect on the wages bill of the promised immediate increase in the minimum wage from around Frs.1,700 to Frs.2,400 a month, promised by both Socialists and Communists; extensive price freezes; higher social charges and allowances (some of which to be transferred to the state from companies); and a variety of higher and new corporate taxes.

The nationalisation programme is also a bitter bone of contention because, for the Patronat, it sums up the determination of the Communists in particular to establish a centralised State-run economy on the lines of East Germany.

While horrified at the prospect of a Left-wing victory, the Patronat has certain reserves [illegible] policy. It recently warned the Government that a return to growth rates of more than 5 per cent. a year was necessary, both for the financial recovery of companies, and to absorb the increase in the active population. It called for a return to price freezes but for the continued imposition of wage restraint.

Washington keeps up pressure on Bonn for further reflation

BY JONATHAN CARR

BONN, Feb. 6

THE U.S. is continuing to press West Germany to take further reflationary action, despite repeated assurances from Bonn that it has done all it sensibly can.

Confirmation of the U.S. stand was obtained by Count Otto Lambsdorff, the Economics Minister, during talks he has just held in Washington with, among others, Mr. Michael Blumenthal, the Treasury Secretary, and Vice-President Walter Mondale.

Accord between the two countries on other matters, including the need to counter trade protectionism, did not conceal the basic difference on West German growth strategy.

This is considered here particularly unwelcome news for Chancellor Helmut Schmidt, who sent a personal letter to President Jimmy Carter last December setting out what Bonn had done to boost the economy and why it felt it could do no more.

Herr Schmidt was anxious that a running dispute on the topic should not precede both the Western economic summit meeting and the visit here of President Carter, both due to take place in Bonn in July.

He and Ministers, including Count Lambsdorff, are also concerned that persistent public pressure on Bonn to "do more" may have the reverse effect to the one the U.S. hopes for. Should the belief gain ground in West Germany that more measures to boost the economy might be in the offing, then entrepreneurs might actually hang back in expectation of them.

This, it is believed, would [illegible] disastrous for the Government's hopes of 3.5 per cent. [illegible] growth in GNP this year—which itself implied a growth rate [illegible] 4.5 per cent. to 5.5 per cent. [illegible] the second half.

During his U.S. talks, Count Lambsdorff noted that the Bonn Government had raised its [illegible] borrowing requirement [illegible] year to above DM30bn. A figure right up against the borders [illegible] what is permissible under [illegible] constitution, and even arguably going beyond them.

He also stressed the danger [illegible] an increase in inflation [illegible] new reflationary measures [illegible] bring adding that he felt [illegible] U.S. experts overestimated [illegible] "locomotive role" the West German economy could play in help[illegible] ing pull neighbouring countries out of recession.

Key problems at the [illegible] summit would no doubt include trade matters and the North-South dialogue, Count Lambsdorff said. Naturally, economic growth would also play a [illegible] but he hoped that no [illegible] thought that the major industrialised countries where assembling to underwrite a document which promised that a particular growth rate would be achieved.

Last year at the summit [illegible] London, West Germany agreed to try to attain 5 per cent. [illegible] growth. It achieved only 2.4 [illegible] cent., and has now become more cautious in its estimates [illegible] promises.

Kreisky in Moscow talks

BY DAVID SATTER

MOSCOW, Feb. [illegible]

Dr. Bruno Kreisky, the Austrian Chancellor, arrived in Moscow yesterday for three days of talks aimed at expanding Soviet-Austrian trade and reducing the heavy imbalance in the Soviet Union's favour.

According to Soviet figures, Soviet-Austrian trade during the first three quarters of last year had a total value of Roubles 448.8m. (£332.4m.) which is almost as high as the turnover of R466.5m. (£345.6m.) for the whole of 1976, but there was a large surplus of R81.2m. [illegible] in the Soviet Union's favour.

Although Dr. Kreisky has been critical of East bloc human rights practices in the past, his concern to discuss economic questions is expected to keep the human rights well in the background. An Austrian embassy spokesman said the issue was not likely to be raised.

Meanwhile, the Soviet authorities have changed the cha[illegible] against Dr. Yuri Orlov, [illegible] important dissident leader, [illegible] more serious one.

Dissident sources said that [illegible] Orlov, the head of a group w[illegible] collected information and [illegible] reports on Soviet observance [illegible] the 1975 Helsinki accords, [illegible] faces charges of anti-Soviet ag[illegible] tion, which carry a maxim[illegible] penalty of seven years' impris[illegible] ment and five years' inter[illegible] exile. He had formerly be[illegible] charged with anti-Soviet slan[illegible] which carries a maximum pen[illegible] of three years' imprisonment.

Dr. Orlov's wife, Irina, [illegible] informed of the new cha[illegible] to-day after being summoned [illegible] the headquarters of the K[illegible] security police where she w[illegible] told to find her husband a So[illegible] lawyer within five days. [illegible] Orlov said she wanted Mr. [illegible] Macdonald, a British lawyer, [illegible] defend her husband.

Poles fail to reach growth target

A Polish Statistical Office report for 1977 published yesterday shows a 5.6 per cent. growth last year in national income (a category similar to gross national product) as compared to a planned growth target of 5.7 per cent. and to a 7.5 per cent. increase in 1976, writes Christopher Bobinski in Warsaw.

Industrial sales rose by 8.5 per cent. on last year with sales of consumer goods up by 11.1 per cent. on 1976. Despite a growth in production in some areas, the plan was not fulfilled in key areas like electrical power, agricultural machines and equipment, cement, paper and artificial fertilisers. The final figure for agricultural production shows a growth of 0.8 per cent. on 1976.

In foreign trade, exports to both east and west rose by 11.4 per cent. against a planned rise of 13 per cent. and imports rose by 5.5 per cent. compared to the planned growth figure of 2.7 per cent. on 1976.

Iceland currency move

All foreign currency dealings were suspended in Icelandic banks yesterday and the central bank of Iceland is expected to announce a devaluation of the already weak Icelandic krona to-day or to-morrow, writes Jon Magnusson in Iceland.

Romanian output up

Despite last year's devastating earthquake, Romanian industry claims to have increased its output last year by 12.5 per cent. compared with 1976, writes Paul Lendvai in Vienna. Chemicals, metallurgy, machine building, woodworking and building industries attained the highest growth rates, according to a report on fulfilment of the 1977 plan. Investments were reported up 11.5 per cent. and the volume of foreign trade by 14.8 per cent. Another report says consumption was up 6.7 per cent. and nominal incomes by 8.2 per cent. last year.

Turkish five-year plan

The Turkish Government is to prepare a new fourth Five-Year Development Plan, writes Metin Munir in Ankara. Parliament's mixed plan committee yesterday decided to return the fourth Five-Year Plan submitted by former Prime Minister Suleyman Demirel's tripartite coalition to the new Government for review.

Soviet manoeuvres

The Soviet Union began five days of military manoeuvres yesterday in West Russia as, for the first time, observers from the United States, Britain and the Benelux countries looked on, David Satter reports.

Communists could pose new problems for Andreotti

BY PAUL BETTS

ROME, Feb. 6.

AS SIG. GIULIO ANDREOTTI, the Italian Prime Minister designate, tries to form a new government, the Communist Party could raise serious difficulties by refusing to accept certain Christian Democrat candidates for Cabinet posts.

The Communists are thought to have already indicated their opposition to a number of potential candidates, and should they stand firm on this issue, the chances of a solution to the current crisis will become even slimmer.

Sig. Andreotti, who is to resume his talks with political parties, including the Communists, to-morrow, has been given a wider mandate from his Christian Democrat Party to negotiate a possible compromise.

This administration would adopt a programme agreed with the other parties, and the enforcement would be guaranteed by a parliamentary commission composed of party whips, including the Communists. It would remove, at least temporarily, the risk of early elections, which none of the parties wants.

Although the Christian Democrats have formally rejected the inclusion of the Communist Party in a parliamentary majority, Sig. Andreotti is understood to have been given some margin to propose a so far undefined deal which would effectively associate the Communists in the majority in a disguised manner.

He faces two major difficulties, however, the first—that the Communists could insist on an above board participation in the parliamentary majority as an alternative to their repeated demands for an "emergency Government" with direct Communist participation.

The other is that a vocal majority of Sig. Andreotti's own party has indicated it would reject any open overture to the Communists, insisting on a jointly approved, but Christian Democrat-inspired, programme administered by a Christian Democrat Government, without any interference in the appointment of Ministers.

U.K. 'committed' to EEC

BY REGINALD DALE

THE BRITISH are European, even if they are not like other Europeans. This was the theme developed in Brussels last night by Dr. David Owen, the British Foreign Secretary, to counter charges by EEC "purists" that the U.K. has been sabotaging the Community's original ideals.

"In Britain, it is felt with some justice that it has taken longer than we expected for parts of the Community, including parts of the Commission, to realise that Britain being an island is a fact of geology and geography and not a reprehensible act of anti-Europeanism," he told a British Labour group dinner.

It had not always been realised that an island nation would, quite justifiably, have an outlook of its own—for example, on fishing—just as a country rich in agricultural land like France had its own well-safeguarded outlook on agriculture, Dr. Owen said.

Britain's commitment to the Community was clear. But the other countries must know that "we do not have to define our objectives, in what to us are theoretical and semi-theological terms, in order to be good Europeans." It was enough for the U.K. to be committed step-by-step to a common development.

The "purists" felt that Britain was trying to alter the Community to suit its own interests rather than conforming to the rules of the club which it had voluntarily joined. "Of course, we must accept the rules," Dr. Owen said. But the rules of a club could remain while the club changed its character, and that was what had happened in the Community.

Dr. Owen said that the European Commission would have to adapt its role as the Community was enlarged from nine to 12 countries, to include Greece, Portugal and Spain. He suggested that the number of Commissioners should be reduced.

"Even now, for the Commission to work effectively for the Europe of the nine, it should change some of its previous practices and attitudes, instead of appearing at times to be frozen in the posture of the Commission of the six."

Union action threat at Portuguese shipyard

By Jimmy Burns

LISBON, Feb. 6.

LISNAVE, Portugal's shiprepairing yard, which accounts for some 5 per cent. of the country's total export earnings, is under threat of industrial action on Wednesday, which would coincide with the first debate of the new Government programme. Workers at the yard will maintain a total stoppage for two hours, but have hinted that sterner strike action might follow.

In a communique issued at the week-end by union representatives, Lisnave's management is severely criticised for pursuing a policy of wage differentials, raising the cost of work benefits, planning the construction of buildings of "dubious profitability," and holding back pay owed from 1976.

Management has replied that the threatened industrial action is "politically motivated." Workers at the yard are answerable to the Communist-dominated General Workers' Confederation (Intersindical) and at a meeting on Saturday reiterated their objection to the inclusion of Christian Democrats (CDS) in the new government. The Portuguese government acquired 30 per cent. of the shares in Lisnave during the 1975 wave of nationalisations.

Although union leaders have rejected a motion calling for a national strike before the budget on March 15, limited industrial action has continued throughout the week. The threatened Lisnave stoppage follows strikes by railwaymen and Lisbon teachers.

Until this week, it was generally assumed that Lisnave's workforce had recovered from its initial militancy which during the radicalisation in 1975 led to a slump in productivity. Only recently management at the plant was predicting that results for 1977 would show a return to profit.

Coming in the wake of the appeal by Sr. Mario Soares, the Prime Minister, for a new spirit of national reconciliation and effort to help bring Portugal out of its economic crisis, the Lisnave strike is seen here as a reminder from the unions themselves that they still have it in their power to cripple any such recovery.

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Denmark's choice: gas pipe or island link

BY OUR OWN CORRESPONDENT

COPENHAGEN, Feb. 6

THE DANISH GOVERNMENT will have to choose between investing in either a natural gas pipeline from the North Sea and distribution network, or a planned bridge across the Great Belt (one of the two main entrances to the Baltic) according to a Ministry of Finance report on public investment plans for the period 1978-90.

The problems stem from the clash between the bridge and gas projects which are planned to coincide in the period 1979 to 1986. The bridge linking the island of Zealand with the Jutland peninsula will cost about Kr.5.8bn. (£500m.) and the gas project is about Kr10bn. (£900m.).

The report estimates that the bridge would give a better return than the gas project.

The "social rentability" of the bridge is put at between 12 and 14 per cent. depending on the rate of traffic growth. The gas project would give a return on investment of about 6 per cent.

But energy policy considerations—security of supply and the development of a variety of supply sources—will play a major role when the Government has to decide on investment priorities.

The gas pipeline and network also has a relatively poor return compared with other forms of energy investment, such as insulation of buildings, nuclear power and power plants for district heating.

The report estimates that total public sector investments in the 1978-90 period come to a minimum of Kr.200bn. (£1.8bn.) and a maximum of Kr.260bn. (£2.5bn.). The latter includes Kr.70bn. for energy plans and Kr.46bn. on traffic investment. If all these plans were carried out, public sector investment would rise by 50 per cent. in real terms every year between now and 1981.

A note from the Economy Ministry, published simultaneously with the report, questioned whether this would be compatible with maintaining overall economic balance. There were narrow limits to the amount by which public investment could be allowed to increase in the next few years, it said.

Tax bombshell, Page 6

Bridging the Great Belt

BY HILARY BARNES IN COPENHAGEN

U.S., BRITISH, Dutch, West German, Japanese, Swedish, Norwegian and Danish companies are among those who have cleared the pre-qualification round for construction of the Great Belt Bridge described as Denmark's biggest man-made structure. Tenders for the first section of the bridge are expected this autumn, but according to present plans the bridge will only be completed in 1986.

The bridge will for the first time make possible an unbroken journey from east to west across the country, a dream which has been harboured by the Danes for at least a century.

Denmark consists of the Jutland peninsula and about 500 islands. Most of the more important islands are already linked to each other or Jutland by an imposing array of bridges, but Zealand, the island on which Copenhagen is sited, has still to be linked to Funen, best known for its main city, Odense, birthplace of Hans Christian Andersen. The waters separating these two islands are known as the Great Belt, which together with the Sound (between Zealand and Sweden) form the two main exits from the Baltic.

Although there are also plans to build bridges linking the southern Danish island of Lolland with West Germany and Zealand with Sweden—projects which have a strong appeal for both Swedes and Germans—the Danes have always given a Great Belt link top priority. They feel that if Jutland is not linked physically to Zealand it will turn into Hamburg's back garden, especially following membership of the EEC. The Great Belt bridge, they believe, will pull the two parts of Denmark together.

The completed bridge will be 17.7 kilometres (11 miles) in length, which will make it the longest bridge in the world to carry both road and rail traffic. It will also be exceptional in crossing an international waterway. Both features provide new challenges and problems.

The bridge will be built, owned and operated by the State. The Folketing has set up an agency, Statsbroen Store Belt (SSB—Statebridge Great Belt), for these purposes. The bridge will be financed by a toll, which should be sufficient to give a satisfactory return on the Kr. [illegible] (£530m.) investment (1977 prices).

There is just one possible hitch. The anti-tax Progress Party has put forward a Bill calling for the repeal of the bridge-building Act. It is possible that a majority will agree with the Progress Party when the Bill is considered in the next month or two. If so it will be on the grounds that Denmark cannot finance the bridge as well as a series of other major projects which are under consideration—a gas pipeline and distribution network from the North Sea, nuclear energy, energy-saving, electrification of the railways, and other road plans. But Mr. Oeyvind Boldsen, SSB's Managing Director, is convinced that the bridge will again be approved and that construction will go ahead as planned.

The first section of the bridge will take it just over halfway across the Belt to the island of Sprogoe from Korsoer, the Zealand terminal. The east bridge will cross the main sea-channel, which carries a heavy traffic of vessels up to about 300,000 dwt. The east bridge will include a minimum of two channels with a width of 360 metres and clearance of 62 metres above sea-level. The west bridge will be a low-level structure with only 14 metres clearance.

The design of the bridge is still open. It has not yet been decided whether it should be a suspension or cable-stayed bridge, a two-decker bridge, or whether there should be one or two spans across the main navigation channel under the east bridge, or a six or four-lane motorway.

A suspension bridge with a 1400 metre main span may be chosen for navigational reasons. Ship collisions with bridge pillars are one of the trickiest problems the builders have to consider. Heavily-loaded supertankers and lighter but fast-moving container vessels are an equal danger, according to Mr. Boldsen. As well as safeguarding the bridge, account also has to be taken of what might happen to the ships. A major oil spill in such a congested area would be serious.

The bridge will probably be financed largely by foreign loans.

Fourteen consortia have pre-qualified for all or part of the east bridge construction. Among the companies are Krupp, United States Steel, and Compagnie Francaise d'Enterprises Metalliques. All the big Danish civil engineering companies are included, Christiani and Nielsen, H. Hoffman and Sonner, Monberg and Thorsen, Kampsax and Hojgaard and Schultz. From Britain, Redpath Dorman-Long has pre-qualified on its own for the whole east bridge. Taylor Woodrow and Cleveland Bridge are members of a Danish-Anglo-Dutch group.

The contracts are expected to specify that the main materials, steel and cement, must be supplied by Danish companies, which can give a useful boost to Denmark's only steelworks, Fredericksvaerk Steel Mills, and to one or more of the Danish shipyards. A maximum of about a thousand people will be employed directly on construction.

Orders fall by 5 per cent.

BY OUR OWN CORRESPONDENT

COPENHAGEN, Feb. 6.

ORDER STOCKS in Danish industry at current prices fell by 5 per cent. in the fourth quarter of last year compared with the same quarter in 1976, according to the Bureau of Statistics. But when shipyards are excluded from the figures, order stocks show a rise of 4 per cent.

Producer prices in the same period increased by 7 per cent. New orders rose by 7 per cent. both for industry as a whole and excluding shipyards. Sales of own goods and services rose by the same amount. The volume increase in sales, excluding shipyards, was only 1 per cent. compared with the same period in 1976.

AMERICAN NEWS

Peru allowed easier terms in paying for Soviet arms

BY HUGH O'SHAUGHNESSY

WASHINGTON, Feb. 6.

THE SOVIET Union has agreed to allow Peru easier terms for the repayment of debts incurred in the purchase of large quantities of Soviet military equipment and aircraft.

Peru is facing very severe balance of payments difficulties, has had recourse to the International Monetary Fund for stand-by credits, and is seeking a refinancing of its foreign debts which threaten to consume almost half Peruvian foreign exchange earnings this year.

Last month, the Peruvian Government paid some $3m. in respect of accrued interest on the arms account but, by arrangement with Moscow, withheld something over $60m. in repayments of principal.

Negotiations are now going on between Lima and Moscow about whether the principal should be repaid within the stipulated time, or whether the repayment period itself should be extended.

Peru, which undertook ambitious re-equipment of its forces in the mid-1970s, bought 250 T54/55 tanks and 12 MiG-21 aircraft. It is now buying 36 Sukhoi-22 fighters, SA-3 and SA-7 surface-to-air missiles, 23 Mi-8 helicopters, 200 T-62 medium tanks and quantities of 122 mm. and 130 mm. guns.

The Peruvian Government makes the point that they called for international bids for the re-equipment of the air force and received propositions from the U.S., France and the USSR. The Soviet offer, according to Peruvian officials, was commercially the most attractive, in that it offered Sukhoi-22s at half the price of comparable French or U.S. aircraft, and to be paid for over ten years with a two-year grace period.

Now that Gen. Francisco Morales Bermudez, the Peruvian President, has agreed to modify domstic policy, in the light of domestic policy, in the light of now that the Fund has disbursed its first credit for Peru, the authorities in Lima are preparing a big effort to try to convince foreign private banks to refinance much of the foreign debt.

Their object is to reduce the proportion of export earnings which will have to be pledged to the service of the foreign debt from nearly 50 per cent., as now to something between 20 and 25 per cent. The public sector foreign debt due in 1978 amounts to $927m.

The Peruvian Government hopes that, as a result of cuts in public sector expenditure and a tightening credit squeeze, the rate of inflation (which in 1976 reached 45 per cent. and last year 36 per cent.) will this year be limited to 20 per cent. But officials admit that this target is ambitious.

Heavy snow envelops New York and suburbs

NEW YORK, Feb. 6.

NEW YORK and its suburbs were hit to-day by a winter storm which closed schools and courts, made travel during the morning rush hour hazardous, and threatened to paralyse the region with high wind and more than a foot of snow.

Between 12 and 18 inches of snow were predicted by midnight. By the middle of the morning rush, only a few inches had fallen but main roads were under snow, and ice and gusts of wind had already created problems with drifts.

Nearly all schools and colleges were closed, including the City University of New York and public and parochial schools in the city. The city administration declared a limited snow emergency, restricting travel on key streets to cars with snow tires or chains. Suburban areas began to come under snow emergencies at 6 a.m.

Road crews fought to keep main roads open, but police throughout the region reported slippery conditions and slow traffic movement.

Commuter trains and bus lines —bringing hundreds of thousands of workers to Manhattan from Long Island, southern Connecticut and from northern and central New Jersey—were subject to delays of up to an hour.

Most businesses planned to open, but many were expected to close early as conditions worsened during the day.

The national weather service, predicting up to 20 inches of snow in some suburbs, said that heavy falls should continue through the night.

AP-DJ

No early end to coal strike

BY STEWART FLEMING

NEW YORK, Feb. 6.

THE PROSPECTS for an early settlement of the U.S. coal strike remained uncertain to-day, in spite of optimistic statements from union leaders that agreement was close. After a week-end recess in the negotiations between managment and the United Mine Workers, a time for the resumption of the talks has still to be decided.

As the longest strike in the history of the United Mine Workers moves into its 63rd day, there is growing concern about the prospects of getting the Miners' Bargaining Council and the 160,000 miners themselves to approve any formula reached by the union and management negotiators.

On Friday, a planned meeting of the 39-man Bargaining Council was postponed until to-morrow at President Carter's request.

While his intervention in the talks was seen as primarily cosmetic—responding to pressure on the Administration to bring about a settlement—it sounded a warning to industry and union negotiators that the Government is becoming increasingly concerned about the strike.

A new snowstorm sweeping the Atlantic seaboard increases the threat to industry from a decline of stocks at power stations, and raises the possibility that the President will have to invoke the Taft-Hartley laws which allow the President to suspend a strike while compulsory negotiations are carried out.

Although only spot shortages of coal supplies are occurring—partly because the United Mine Workers produce only half the U.S. coal output—the power problems will spread if the strike lengthens. Also, even if a settlement is reached, it would take a few weeks for it to be ratified and for coal supplies to return to normal.

At some point, if a settlement is not reached soon, the President could declare a threat to national health and safety. He could then apply to the courts for an injunction requiring the miners to go back to work for up to 80 days while talks continue. One question, hwever, is how the miners, with a record of unofficial strikes, would respond.

Jail sentences in electrical anti-trust case

WASHINGTON, Feb. 6.

A FEDERAL judge imposed heavy prison sentences and hundreds of thousands of dollars worth of fines on eight companies, and on 11 of their present or former officers, charged with price-fixing in the electrical wiring devices industry.

The heaviest penalties for an individual were meted out to Mr. Jack Amsterdam, chairman of Leviton Manufacturing of Little Neck, N.Y.

AP-DJ

Technicolor investigation

WASHINGTON, Feb. 6.

TECHNICOLOR INC. said that an investigation by its audit committee has revealed questionable or "improperly characterised" transactions worth about $114,000 during the 16 months up to October, 1977.

In a report to the Securities and Exchange Commission (SEC) the film-processing company said that $85,000 worth of the transactions involved dealings with its foreign subsidiaries "which appear to constitute violations of local currency exchange regulations." One case involved the reimbursement by a Technicolor subsidiary of a $37,500 overcharge claimed by the U.S. parent of a customer of the subsidiary. The reimbursement was made without obtaining approval of the local currency control agency, Technicolor said.

In a separate report to the SEC, Gamble-Skogmo Inc. said that the Federal Maritime Commission had made an $80,000 claim against its Gambles Import Corp. for alleged violations of federal shipping law. The charges relate to rebates by an ocean carrier to former employees of the subsidiary. These were disclosed by Gamble-Skogmo in 1976, the Minneapolis-based retailer said.

AP-DJ

January car sales show fall of 5.3%

By John Wyles

NEW YORK, Feb. 6.

CAR SALES in the U.S. showed a sharper than expected decline last month, but the softening demand should not be seen as heralding a slowdown in economic growth.

This is the general consensus among analysts who had been forecasting a fall in demand for new cars this year from the near-record 11.3m. units sold in 1977. However, the continuing strength of foreign-made cars, which accounted for about 21 per cent. of all sales last month, is causing concern.

Observers are cautioning against drawing too many conclusions from January sales figures, which were undoubtedly affected by extremely bad weather in the Mid-West. In total, dealer sales fell by 5.3 per cent. from a year earlier, with General Motors showing an 11.7 per cent. decline, Ford a drop of 1.8 per cent., Chrysler down by 12.4 per cent. and American Motors by 27.6 per cent. Overall sales of U.S. manufactured cars were down by 9.4 per cent.

Import sales, o nthe other hand, rose by about 15 per cent. to around 142,000 units, with all of the leading foreign makes except Volkswagen showing gains. Toyota sales were up 3.2 per cent., Datsun nearly 20 per cent. and Honda 70.5 per cent. On a seasonally adjusted basis January sales ran at an annual rate of about 10.2m. units, which is below the 10.5m. to 11m. total for 1978 projected by leading analysts.

Most of the other indicators of the economy's strength are performing more robustly, and no one is reading a recession into the disappointing car sales. As a matter of comparison, car sales fell in 1956, 1966, 1967 and 1969, all years of a rising economy.

Mobil sues rival over exodus

By Our Own Correspondent

NEW YORK, Feb. 6.

MOBIL Corporation, the third largest U.S. oil company, has alleged that a diminutive rival, Superior Oil, is luring away some of its executives, partly with the objective of securing trade secrets and confidential data.

Mobil's allegations are made in suits filed in U.S. and Canadian courts, and are being interpreted as an effort to halt the exodus of some of its senior oil exploration executives to Superior oil, based at Houston.

Mobil has named 30 former executives in its court documents, including a president and a general manager of its Canadian subsidiary.

It claims that its former employees hold comparable positions now with their new employer and have disclosed trade secrets which Mobil spends millions of dollars on acquiring.

In its litigation, Mobil alleges that the employees named were "induced" to quit the company and join Superior by a number of Superior executives, including a former Mobil production manager. Mobil also says that Superior's attempts to lure its employees away continues, and is seeking a court injunction to stop the process.

Superior is a small company, compared with the giants of the oil business. Last year, it had sales revenues of $500m., compared with more than $28bn, for Mobil.

U.S. JOB AND PRICE INDICES GET A FACELIFT

Juggling the figures

BY DAVID BELL IN WASHINGTON

THE REAMS of economic statistics that emanate from the U.S. Government each month are cheerfully ignored by most of the population most of the time. But the consumer prices index and unemployment figures are always front page news. Together they represent for most people, and for many members of Congress, a monthly "fix" on what is right and wrong with the economy.

In Britain a third set of figures, for external payments, get the same attention. But in the U.S. in spite of the record size of the American trade deficit, these have yet to capture the public imagination.

Major changes are now in train in the way in which the U.S. Government measures both inflation and unemployment. This month a new consumer price index, and a high level commission will shortly begin re-examining the way in which unemployment figures are collected.

U.S. Government statisticians, revamping indices for the first time in 14 years, must tread warily to avoid protest and confusion.

Price and unemployment data have always been very sensitive politically in the U.S. Only a month ago, for example, there were loud mutterings from Republicans on Capitol Hill when, after a technical change in the seasonal adjustment mechanism, unemployment was found to have tumbled 0.5 per cent. in four weeks. This followed many months in which the figure stuck obstinately around 7 per cent.

In the American economy, sensitive as it is to inflation, the consumer price figures influence the economy in their own right. At the last count some 10m. wage earners had their pay directly linked to movements in the consumer price index (CPI) and another 30m. people on social security also have benefits linked to the CPI. Even the amount local communities may spend on school lunches depends on movements in the food component of this index.

It even has an effect on the defence budget which now has to allow for $9bn. for pensions for retired officers and men—a figure far higher than five years ago. These pensions, too, are index linked.

The Presidential Unemployment Commission, set up after widespread criticism of the unemployment figures, has 18 months to come up with its views. There are strong suspicions that it will conclude that the present computations overstate the amount of "hardship" but understate unemployment among minority groups who may have dropped out of the labour force completely.

More immediate interest attaches to the major revision of the CPI and the "rolling" revision of the wholesale price figures now also under way. Later this month—probably on February 27—the Bureau of Labour Statistics (which collects all three sets of figures) will publish the first new CPI revision of the wholesale index.

The CPI changes have taken eight years and have cost more than $50m. to implement. The scale of the monthly task involved can be gathered from the fact that it takes the bureau's IBM 370 computers 11 hours to compute the price data each month and a further six hours for the high speed printers to print out the finished product.

In essence the changes—the first major ones for 14 years—are designed to take account of alterations in national expenditure patterns and substantially to revise the way in which raw data is collected.

The foundation for the new index is a massive national expenditure survey undertaken in 1972 and 1973. It took a further year to analyse its findings, perhaps the most importance of which was that the present index overstates the importance of food in the average budget.

The index is made up of a number of components—housing, transport, food, fuel and others —weighted according to the amount of an average budget spent on them after tax, investments and savings have been deducted.

The current index gives food a 27 per cent. share in the "basket," but the survey found in fact the typical American family now spends only 20 per cent. of its disposable income on food. By contrast, spending on housing (defined as what it costs to buy and run a house or a flat) has risen from 34 per cent. to 39.8 per cent. The cost of transport has also jumped from 12 per cent. to 19.8 per cent.

All this will have an effect on the new index and enough to make it not strictly comparable with the old. But BLS statisticians believe that over time, and given the fact that the index is in any case a measure of relative price movements, the overall effect may not be too large. For example, the change in the weighting of food means that a 10 per cent. rise in food prices, which would have added 2.7 per cent. to the index, will now make only a 2 per cent. difference.

The second change involves the way in which the actual price data is collected. Until now the BLS has collected data on about 400 specific items in 56 cities in all 50 states. Collectors have asked the price of standardised items—like half a gallon of milk in a plastic container—across the country. But the new specifications give the collectors more leeway in choosing, for example, the most popular amount of milk bought in a given store rather than necessarily following the national specification.

Changes are also under way in the wholesale price index (WPI). Until now this has focused on three categories—farm products, processed foods and industrial commodities. This has given rise to much "double counting"—as for instance in the iron ore price which is reflected both in the industrial commodities component and in the processed goods category.

A new WPI index is now running alongside the existing index which focuses instead on crude materials, interim materials and finished goods.

It will be at least two years before any changes are made in the unemployment figures. Unlike Britain, where much reliance is placed on data from employment exchanges, the U.S. figures are the result of a monthly survey of 50,000 carefully chosen households across the nation. This is designed to show who has a job, who wants one and who has stopped even looking for one. People who say they do not have a job and have given up trying to find one are not counted as "in the labour market" and disappear from the figures altogether.

Critics of this system argue that it measures "too many" people who may be looking for part time work (but quite possibly have no over-riding need of it) while under-recording the true extent of, say, black unemployment. It is argued that many blacks have given up looking for a job and that, in any case, census figures underestimated the number of blacks in the first place.

OVERSEAS NEWS

Kashmir issue spoils Pakistan-India talks

By Simon Henderson

ISLAMABAD, Feb. 6.

THE POSSIBILITY of a radical improvement in Pakistan-Indian relations along the lines of the Shah of Iran's ideas of greater regional co-operation seems to have foundered on the rock of the Kashmir problem.

Talks between the Pakistan Foreign Secretary, Mr. Agha Shahi, and his visiting Indian counterpart, Mr. A. B. Vajpayee, failed to include either an exchange of views on the proposed Asian Common Market or the lesser measure of transit road and rail links across Pakistan between India and Iran.

Instead the topics covered were a review of the implementation of the Simla accord which followed the 1971 Indo-Pakistani war, and agreement to talk about the Indian Salal dam on the Chenab river which flows into Pakistan territory.

On the Kashmir issue, the Moslem populated area of north-west India, both sides exchanged views on the basis of their respected position, Mr. Shahi said. No change in these positions, which Pakistan regards as the only problem separating the two countries from further co-operation, was reported. A less strong Pakistani stand had been predicted after a four-hour visit to Islamabad yesterday by the Shah of Iran.

Although Mr. Vajpayee is staying in Pakistan until Wednesday the time for progress in discussions is running out. A working luncheon with the Pakistan Foreign Secretary is scheduled for to-morrow but besides that his trip is taken up with sight-seeing around Islamabad and Lahore.

Jayawardene answers critics

By Mervyn de Silva

COLOMBO, Feb. 6.

ANSWERING BOTH his Tamil critics and his Left-wing opponents President Junius Jayawardene said that the change in Sri Lanka's political system would help promote racial harmony, economic development and democratic freedoms.

In his first broadcast Mr. Jayawardene said that he will not permit separatism or division of the country and his government's policies would be free of all racial and religious bias.

A strong executive, he added, would enable him to deal more effectively with problems of unemployment and living costs which had become intolerable. "I am no longer leader of one party but of the whole nation," he said. Remarking that there was more personal liberty in Sri Lanka than any other country he assured the nation that there would be no abridgment of democracy.

Syria to receive aid from Rejection Front

BY IHSAN HIJAZI

BEIRUT, Jan. 6.

PRACTICAL STEPS are expected to be taken soon to fulfil the resolutions adopted by the Arab leaders opposed to President Sadat at their summit conference in Algiers which ended early Sunday.

Major Abdel Salam Jalloud, the second in command in the Libyan regime, is to visit Damascus within the next few days to discuss the aid Syria will need to strengthen its economic and military potential, according to informed sources.

President Hafez Assad plans to visit Moscow by the end of this month for talks with Soviet leaders, and may be followed there by Mr. Yasir Arafat, the chairman of the Palestine Liberation Organisation, the sources said.

President Assad described the results of the summit as good, but noted that more could have been accomplished. He spoke to reporters who accompanied him on the plane to Damascus.

Observers noted that the final declaration of the Algiers meeting left the door open to President Sadat to rejoin Arab ranks, while Syria had said that all efforts should be exerted to isolate the Egyptian president. The meeting was attended also by Libya, Algeria, South Yemen and the PLO.

A delegation representing the participants is expected in Baghdad soon in another attempt to get Iraq to join the anti-Sadat front. The Iraqi regime had refused to take part in the Algiers summit because its own plan, advocating a more radical stance against Israel, had not been adopted.

● Israel to-day welcomed the American decision to renew the Middle East peace shuttle of the assistant Secretary of State, Mr. Alfred Atherton, David Lennon adds from Tel Aviv.

Mr. Moshe Dayan, the Foreign Minister, said that he was pleased at the prospect of Mr. Atherton returning to the area to try to seek agreement between Egypt and Israel on a declaration of principles for a Middle East peace settlement.

Even as the Foreign Minister was making these comments, local papers were carrying reports that Mr. Dayan is gloomy about the prospects for peace.

Mr. Dayan left to-day for Europe and the U.S. where he intends to explain Israeli policy, especially on the question of Jewish settlements in the occupied territories. He told reporters at the airport that Israel intends to continue with the settlement programme on the West Bank. Three more are due to be established in the coming months, he said.

The Prime Minister, Mr. Menahem Begin, said last night that Israel has established 13 Jewish settlements on the West Bank in the past six months at a cost of £87m.

Delays over Australian uranium 'costing millions'

BY KENNETH RANDALL

CANBERRA, Feb. 6.

DELAYS IN SETTLING Government policy for the start of uranium production in the Northern Territory are costing the mining companies $10m. a month in added capital costs, according to the chairman of Pancontinental, Mr. Tony Grey.

Mr. Grey said the uranium companies were being frustrated by bureaucratically cumbersome policies which could amount to one of the most costly blunders in Australian history if they did not allow development to start very soon.

"Government policy appears to be as fast-moving and well co-ordinated as a traffic jam in Rome," said Mr. Grey. However, he said that he would not be surprised to see Australia concluding early safeguards agreements with major potential customers similar to those negotiated recently by Canada with the EEC and Japan.

The Australian Government's position on safeguards appeared to be close to Canada's, he said, and the agreements would "show people that there could be a tightening up of safeguards and an exertion of Australian influence."

Despite Mr. Grey's confidence, there is a view in Canberra that the new Canadian agreements depart significantly from the safeguards policy adopted by Australia last year, in consultation with both Ottawa and Washington.

Canada's agreement with Euratom requires "consulations" before Canadian fuel is reprocessed. The same provision is expected in the agreement with Japan. Australian policy insists on "prior consent" for reprocessing and higher level enrichment.

The Canadian agreements also undercut the argument that assured and plentiful supplies of uranium would help to dissuade countries from going into reprocessing, thus assisting non-proliferation.

President Carter and the Australian Prime Minister, Mr. Malcolm Fraser, both pushed this argument strongly in a published exchange of letters on uranium marketing and safeguards early last year.

Canadian officials are quoted as "seeing no problems" in concurring the European plans for reprocessing. One official was reported in the Australian Press last week as saying: "We're agnostic about reprocessing."

India alters policy on foreign investment

By K. K. Sharma

NEW DELHI, Feb. 6.

THE Indian Government is to issue a list next month of sectors in which foreign investment and technology will be banned, thereby leaving all other sectors open to foreigners provided they agree to the policies of the country. This is considered a better way of encouraging foreign investment than the policy in force until now that just "high technology" and "export-oriented" sectors are open for investment by multinationals.

Mr. Morarji Desai, the Indian Prime Minister, told representatives of U.S. multinationals who met him last week that the Government would be willing to consider concrete proposals for investment by them, "within the framework of the new industrial policy statement and the foreign exchange regulation Act." The latter stipulates that foreign equity participation must be limited to 40 per cent., except in cases that involve sophisticated technology or those which are export oriented.

Mr. Desai made it clear that once proposals by multinationals were approved, the Government would place no impediments or handicaps in their way.

S.A. economy outlook worse

By Bernard Simon

JOHANNESBURG, Feb. 6.

THE OUTLOOK for the South African economy during 1978 is worse now than it was only a few months ago, according to a report by economists of the country's second largest bank, Standard Bank.

The report says that, "latest data clearly confirms that last year's stirrings of recovery did not last out the fourth quarter of 1977. Consumer demand was badly affected towards the year-end because real incomes failed to increase, expectations took a turn for the worse due to political factors and because of bad news on the inflation front.

The bank however, does not expect a further deepening of the 40-month-old recession. "Despite prospects of a poor agricultural season, less growth potential in the mining sector, severe problems on the capital account of the balance of payments and a slipping grip of inflation," says the bank.

"The economy's fundamental position is far stronger than at any stage since 1974." This note of optimism is based mainly on the spectacular turnaround of the current account, from a deficit of R1,813m. in 1975 to a R800m. surplus last year.

BOTSWANA AND SOUTHERN AFRICA

A neutral policy frays at the edges

BY BRIDGET BLOOM, RECENTLY IN GABORONE

ON A HOT blue morning a couple of weeks ago, an HS 747 jet took off from Botswana's rudimentary Selibe Pikwe airfield and headed in a north-westerly direction. On board were about 50 potential members of the growing army of Mr. Joshua Nkomo, the Rhodesian nationalist leader. The men were destined for Zambia and Angola for training, just like many hundreds of others who have flown the same route over the past year.

This airlift of would-be guerillas is only one of the strains being put on Botswana as a result of the escalating confrontation between black and white in southern Africa. Botswana, apart from a minuscule river frontier with Zambia, is totally surrounded by white-ruled states and these uncomfortable facts of geography had, until quite recently, dictated the country's careful policy of neutrality. But in the last year, the Government estimates, there have been, on average, 600 refugees a week, many of them able-bodied men, passing through Botswana. There have rarely been fewer than 5,000 refugees, including women and children, in the country's overstretched camps. The para-military police force has been turned into a regular army in an attempt to patrol the long border with Rhodesia, and many other emergency projects, which the UN has estimated will take up to 70 per cent. of the money budgeted for development, are now being undertaken.

Although some South African refugees fled to Botswana following the Soweto disturbances, it is Rhodesia which gives the government of President Sir Seretse Khama most cause for alarm. The government's policy of neutrality is obviously becoming frayed at the edges. Rhodesian guerilla fighters are not allowed to establish either training or base camps in Botswana, and the government does its best not only to make sure fighters seeking refuge are disarmed, but that those leaving Rhodesia to train are passed on to Zambia as quickly as possible. But the fact that it does give sanctuary to guerillas, and acts as the conduit for guerillas in training, lays it open to the danger of physical attack from Rhodesia. To the evident relief of the Gaborone government, incidents so far have been minor and containable, although ministers recognise that the new Botswana defence force, probably no more than 800 strong, would be powerless against the sort of strikes the Rhodesians have made into Mozambique over the past 18 months.

Action of this sort must be an ever present possibility, although the Government takes some comfort from the realisation that Rhodesia has its hands full on its eastern and northern borders and at present seems politically disposed to leave Botswana more or less alone. However, what really alarms the Government is the possibility that the Rhodesian war will get out of hand and threaten Botswana's lifeline, the Rhodesian-controlled railway which runs down its eastern border with Rhodesia, and through to South Africa. The Government sees the threat to the railway materialising either as a result of an escalation in the present fighting between Mr. Smith's forces and the guerillas of the Patriotic Front, or, even more alarmingly, as a result of a post-independence civil war in Rhodesia.

What is perhaps especially galling for Botswana is that, were it not for Rhodesia, the country would stand every chance of rapidly developing out of its traditional poverty. Instead the country faces enormous problems.

Its concern lest the line should be put out of action is understandable, for the Botswana economy is almost entirely dependent on it. The railway was built in 1895 as the first non-South African leg of Cecil Rhodes' Cape-to-Cairo route. The rolling stock is owned and run by Rhodesian Railways, which also provides all staff and maintenance.

Almost all of Botswana's beef exports—over a third of total exports—travel on the line. The mammoth Selibe Pikwe copper-nickel project would have to close if the line went. Imports —whether of strategic oil or food—would have to be drastically curtailed.

Although it has often been suggested that Botswana should take over the line as a means of further tightening international sanctions against Rhodesia, to date Gaborone's argument that a hasty takeover would harm Botswana far more than Rhodesia has been internationally accepted.

Now, however, the government faces a particularly acute dilemma. It feels that it will have to take over the line, even if Rhodesia soon becomes independent, but it is worried that its plans for a phased acquisition could be jeopardised by a sudden deterioration in Rhodesia, now or after independence. An incident earlier this month showed the dangers: a train, apparently carrying copper through Zambia from Zaire, was derailed just inside Rhodesia. Next time the derailment could be on the Botswana section.

So far, little has been actually done to implement a take over, which the government wants to happen, if at all possible, with the co-operation of Rhodesian Railways. Some Botswana have been trained by RR, though apparently not above the level of line foremen. One of Botswana's problems is its shortage of skilled manpower. Drivers, for example, would almost certainly have to be expatriates. (Another problem would be the cost of actually manning the line, which, Salisbury insists, makes a loss of some $4m. a year.)

The takeover programme is also proceeding slowly, officials in Gaborone feel, because of a reluctance by major aid donors to take the project seriously. True, a year ago the UN Security Council gave a mandate to the Farah mission to analyse Botswana's needs and problems, including a railway takeover against the background of war in Rhodesia. On the basis of two earlier Canadian surveys, Transmarc, the consulting arm of British Rail, is using part of a £3m. British loan (which has a 40 per cent. grant element) to refine the Canadian studies.

But requests to the World Bank and the U.S. government have, officials feel, fallen on deaf ears. "The Bank tells us how courageous we are, but suggests that we bring the north-south road up to all-weather status," says one, adding that none of the studies so far has shown that the road—however necessary and useful—could possibly be a substitute for the railway. "We tell them it's not courageous to want to eat. But the Bank doesn't seem to like railways, and because it doesn't, the U.S. is holding back too."

Though the UN mission estimated that it would cost some $17m. for Botswana to run a skeleton service using South African rolling stock (which Botswana would prefer not to do) the Government reckons it would need $50m.-60m. to operate the line at all effectively. It is, as yet, nowhere near finding such sums, and neither is it near the UN mission's timetable, which in order to operate a skeleton service by early next year requires that maintenance facilities should already be under construction. The facilities apparently have not yet even been sited.

But if the railway is Botswana's chief worry just now, there are others. The country would, for example, face virtual strangulation if there were to be an international oil embargo on South Africa, Botswana's sole oil supplier. The country carries four weeks' stocks at most and has only the most rudimentary storage facilities.

In addition Botswana is suffering from its worst outbreak of foot and mouth disease for years. Though the abbatoir at Lobatse is now open again after a two months closure, the outbreak in the north, apparently of a particularly virulent South African strain, is still not under control. (There are also fears that control fencing along the Rhodesian border will not be built quickly enough to prevent further outbreaks if veterinary services deteriorate in Rhodesia itself.) But though some 200 carcasses are now going from Lobatse to South Africa each week, the key British and EEC markets may not be open again for 6-12 months.

What is perhaps especially galling for Botswana is that, were it not for Rhodesia, the country would stand every chance of rapidly developing out of its traditional poverty.

Until 1974, thanks largely to minerals, the economy was growing by some 15 per cent. annually. Even the five-year plan published last year estimated a growth rate of over 9 per cent.

But at least Botswana can take some comfort from a new diamond find at Jwaneng, in the south. An agreement for the mine's operation is in the final stages of negotiation with de Beers, who operate two other mines, now contributing nearly a third of the country's total foreign exchange earnings. Jwaneng is rumoured to be one of the world's richest finds yet, and may help to cushion Botswana through the next few very difficult years.

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Robert Fleming & Co. Limited hereby informs EDR holders that Coupon No. 1 to the EDR's will be used for the purpose of claiming the European Depositary Receipts evidencing the new shares and has therefore been deemed to mature at the close of business in Luxembourg on 27th January, 1978. After that time, Coupon No. 1 should be detached from any EDR presented for surrender and would not be issued with any new EDR.

It is expected that the distribution of the certificates for the new shares will be made on 5th April 1978 and the Depositary will give notice to the EDR holders as soon as practicable thereafter specifying the securities or other property payable in respect of each EDR and the method and date for collection thereon. Only upon such notice will any payment be made against presentation of Coupon No. 1. The new shares will rank for dividend payments with a record date on or after 1st February, 1978 and in all other respects will rank pari passu with the existing Ordinary Shares.

For the purpose of allocation of the free distribution of shares and determination of shareholders to be paid interim dividends, the registration of transfer of shares and alteration of any other entry in the register of shareholders shall be suspended from 1st February, 1978 to 15th March 1978 inclusive.

N.B.—Ex-Rights date on the Tokyo Stock Exchange: 27th January, 1978.

ROBERT FLEMING & CO. LIMITED
Depositary

London.
1st February, 1978.

LEGAL NOTICES

No. 00284 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of YATES (POTATO MERCHANTS) LIMITED and in the Matter of The Companies Act, 1948

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 27th day of January 1978, presented to the said Court by ROMNEY MARSH GROWERS (WHOLESALE) LIMITED whose registered office is situate at Bowdell, Brenzett, Romney Marsh, Kent, Potato Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 27th day of February 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

HERBERT OPPENHEIMER, NATHAN & VANDYK,
20, Copthall Avenue,
London EC2R 7JH.
Ref: TI-KGO-JK-5115.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 24th day of February 1978.

PUBLIC NOTICES

LOCAL AUTHORITY BILLS

£4,000,000 Bills issue date 8/2/78, maturing 10/5/78 and 12/7/78 at 5 1/16% and 5 1/8%. Applications totalled £16,000,000 and there are £4,000,000 Bills outstanding.

WORLD TRADE NEWS

Dell plans visit to China

By Colina McDougall

CHINESE delegations from the State Planning Commission and the State Construction Commission will visit Britain later this year, Mr. Edmund Dell, Secretary for Trade, said yesterday at a London conference on Trade with China.

He said he had accepted an invitation from Mr. Li Chiang, the Trade Minister, to visit China. Other Chinese officials would be invited to visit Britain after China's National People's Congress.

Mr. Dell emphasised opportunities which existed for Britain in China. The Chinese had accepted the fact that Britain was competitive and it would be seen as a potential supplier of more than the mining machinery and aircraft which had formed the bulk of the capital equipment it had exported to China so far.

He expected commerce with China to triple in the next 20 years. Chinese payments arrangements would become more flexible, though Peking was unlikely to accept outright loans.

This was confirmed by Lord Roll, chairman of S. G. Warburg, who led an industrial mission to China last autumn.

Mr. Edward Heath said in his view the political situation in China was stable and therefore trade could be expected to grow.

Car engine study in Venezuela

By Joseph Mann

CARACAS, Feb. 6.

THE Venezuelan Government is studying the possibility of authorising the manufacture of a six-cylinder petrol engine made of aluminium and has asked four foreign manufacturers to submit information on the project.

Venezuelan representatives of Chrysler, Ford, General Motors and Renault—all of which currently operate assembly plants here—were asked to consider building a six-cylinder engine. All four companies have submitted replies, according to industry sources.

The Government last year abandoned plans for the construction of facilities capable of manufacturing eight-cylinder petrol engines.

Car assemblers in Venezuela, who have generally been operating in the red for the past few years due largely to Government price controls, estimate that a plant for standard (cast iron) six-cylinder motors would entail overall cost of around $100m.

Most foreign motor companies are highly reluctant to make any new investments at all until the Government loosens price controls, but Ford de Venezuela is presently expanding its assembly plant in Valencia.

The government's long term plans call for limiting the number of models sold here and incorporating an increasing number of locally-made components.

Venezuela can count on sizeable deposits of high-grade bauxite and is developing two giant aluminium plants. The Government is interested in taking advantage of this.

Tokyo Round 'must harden rules'

BY REGINALD DALE

THE TOKYO Round of international trade negotiations could only be considered a success if it led to a strengthening of the rules governing international commercial relations. Trade liberalisation alone would not be enough, M. Olivier Long, the GATT Director General, said in London yesterday.

In a speech at the Trade Policy Research Centre, M. Long spoke of a decline in international morality in trade relations. The Tokyo Round provided a "fleeting opportunity" to stop the rot of recent years by establishing a new set of rules that met present-day needs.

Three areas were particularly important, M. Long said. These were safeguard measures, subsidies and countervailing duties and procedures for settling disputes.

Governments were far more likely to concede significant trade liberalisation if they were confident that emergency action could be taken to help domestic industries that ran into real trouble.

It was essential, however, that safeguards must be subject to international surveillance, with agreed criteria and procedures.

Subsidies and countervailing measures could constitute an important and growing obstacle to the expansion of world trade if they were not brought under control. They were also likely to be a constant source of frictions and tensions between trading nations.

There might be a number of separate sets of dispute settlement procedures, M. Long suggested. These could each be built into codes of conduct to be negotiated on non-tariff measures such as subsidies, Government procurement and standards. Each separate code would be based on common general principles and procedures.

M. Long gave a strong warning that protectionism was not the answer to current world economic problems. There was a serious risk that a vicious circle could be established in which protected uncompetitive industries became even less competitive, leading to further unemployment and further protective measures.

Restricting the exports of developing countries must in the long run work against the industrialised world's own interests, M. Long added. It would exacerbate North-South differences and lead to a cut-back in imports by developing countries.

If developing countries were denied the possibility to earn reasonable incomes, they would be unable to offer the potentially gigantic market they held out for the future support of the world economy, he stressed.

Boeing team for new U.K. talks

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A TOP-LEVEL team from Boeing of the United States is due in the U.K. this week to discuss with aerospace industry and Whitehall officials the company's future new aircraft programmes, with a view to possible collaboration on both engines and airframes.

The team is expected to be led by Mr. Tex Boullioun, president of the Boeing group's Commercial Airplane Company. It will meet top representatives of British Aerospace, British Airways and the Department of Industry.

This is the second visit by a Boeing team to the U.K. in recent weeks. The first, which came in January, discussed with British Airways and British Aerospace the possibility of the former buying, and the latter sharing in the development of, a new version of the 737 short-range jet airliner, to meet British Airways' requirement for a new 100-120 seater jet to replace its ageing Tridents and One-Elevens.

The second mission, however, is composed of higher-level Boeing personnel, and is aimed at exploring in greater depths the possibilities of the U.K. sharing in the development of Boeing's other more significant long-term programmes for new aircraft.

These include:

- A new version of the highly-successful 727 medium-range airliner, using two engines instead of three as in the existing model. These could be Rolls-Royce RB-211s, in the Model 535 "cropped fan" version of 32,000 lbs. thrust, although Boeing is believed to be basing the design on the U.S. General Electric CF6-32, a lower-thrust version of the highly-successful CF6 series of engines.
- Boeing's "New Airplane Programme"—plans for a 180-200-seater airliner which is expected to be available in at least two versions for the mid-1980s and beyond. Rolls-Royce is also interested in getting the RB-211 into this series of aircraft, probably in the Dash 22B version of about 42,000 lbs. thrust.

The fact that Boeing is now moving round the world, briefing airlines and governments on its plans for new aircraft for the future indicates that it is very near a final launching decision.

This is expected to come this spring or early summer, when the principal "launching customers" in the U.S.—United American and Delta Air Lines—have taken their own purchasing decisions.

No change on imports of jute

Financial Times Reporter

NEW arrangements covering imports of jute into the EEC from India and Bangladesh came into operation at the start of this year but the effect on the U.K. remains unchanged, officials of the Department of Industry have confirmed.

EEC countries other than the U.K. agreed under a treaty signed at the end of 1976 to reduce tariffs on entry, operated under the Common Customs Tariff, at agreed rates of reduction, and finally suspend them from July 1 this year.

This agreement has now been advanced six months enabling full suspension, to come into operation from the beginning of 1978. The U.K., however, has had no tariffs operating against such imports and is thus not affected.

Quantative quota restrictions still operate, however, on imports into the Community, and the U.K. portion of these restraints for 1978 are—categories 4/5: India-1,800 tonnes, Bangladesh-1,092 tonnes, category 6: India-240 tonnes, Bangladesh-2,600 tonnes, category 7: India-430 tonnes, Bangladesh-256 tonnes.

Export credit boost for Sweden

BY WILLIAM DULLFORCE

STOCKHOLM, Feb. 6.

SWEDISH exporters will get State backing of up to Kr.10bn. (£110m.), if as expected the Government adopts the latest recommendations of its Export Credit Commission. The bulk of the Kr.10bn. would be borrowed abroad by Svensk Exportkredit (SEK), the Swedish export credit concern.

During a trial three-year period from July 1 the State would cover companies' currency risks and the differences between the interest rates charged on export credits and the rates at which the companies themselves borrow. The guarantees would apply to credits of two years or longer.

The present system, under which exporters can claim tax deductions for the extra cost of financing export credits, would remain in force until 1981. Exporters would, thus, have a choice of two systems to finance export credits.

SEK is owned half by the State and half by the Swedish commercial banks. It would finance export credits at fixed interest rates of 7.25 to 8 per cent, in accordance with international agreements. It would also extend loans on similar terms to Swedish companies facing competition on the domestic market from foreign exporters, offering credit with State backing.

The Swedish commission has used the OECD concensus agreement as its guideline in working out its recommendations, according to its chairman, Mr. Stig Ramel.

The new system would, he claims, eliminate the disadvantage in offering credits, particularly to developing and State trading countries, under which the Swedes have been operating.

At current interest rates on the international money markets and at present currency parities the recommendations should not involve any cost for the Swedish State, Mr. Ramel said. SEK could borrow abroad at 7-8 per cent., the same rates allowed for export credits under the OECD concensus agreement.

Norway seeks to boost trade

By Fay Gjester

OSLO, Feb. 6.

NORWAY proposes to spend an extra Kr.32m. (£3.2m.) this year on measures to promote exports. The new proposals, tabled at the week-end, are aimed at reversing the recent decline in Norwegian exports caused by the world recession and soaring costs, which have made Norwegian goods less competitive on foreign markets.

The proposals provide for increased allocations to the Norwegian Export Council and for the establishment of an export secretariat in the Trade Ministry.

EFTA steel pact near

BY DAVID BUCHAN

BRUSSELS, Feb. 6.

THE European Commission expects next week to reach agreements with the EFTA steel supplying countries on their imports to the Community for the rest of 1978, Viscount Etienne Davignon, the EEC Industry Commissioner, will tell Foreign Ministers here to-morrow.

He will be reporting on the Commission's progress towards its aim of concluding accords with all the EEC's steel suppliers by March 31.

The agreements with the EFTA countries, which in 1977 as a bloc formed the community's biggest supplier, with 2.5m. tonnes of steel, will set prices for imports.

Because of the EEC's free trade agreement with EFTA, no quantity restrictions will be imposed, though the EFTA countries will be asked not to disrupt the "traditional patterns" of trade.

But the foreign ministers will also be told that negotiations with Spain and Japan — which have been annoyed by the EEC's recent impositions of provisional anti-dumping duties — are far from conclusion and that those with the Comecon countries have not started at all. Of the eastern bloc, only Romania has given any formal sign of being willing to negotiate.

Austrian deficit grows 35%

AUSTRIA'S annual trade deficit has rocketed by over 35 per cent. to a record 73bn. schillings ($4.7bn.) according to the Trade Ministry, Reuter reports from Vienna.

Imports last year rose 14 per cent over 1976, to 235bn. schillings. Exports rose only 6.4 per cent. to 162bn. schillings. A 58bn. schilling deficit on trade with West Germany caused almost three-quarters of the total shortfall.

$8m. pumping station

Nuovo Pignone said yesterday it had won an $8m. contract to provide a gas-pumping station to Chemocomplex of Hungary. AP-DJ

Finnish order

By Our Nordic Correspondent

STOCKHOLM, Feb. 6.

FINLAND has won one of the first orders to sub-contractors from the L.M. Ericsson-Philips consortium, which won the £1.7bn. contract to extend the Saudi Arabian Telephone network. Makrotalo oy will build 244 one-family wooden houses for Swedish and Dutch personnel in Riyadh, Damman and Jeddah at a cost of just under $40m.

MULTINATIONALS

Denmark's tax bombshell

BY HILARY BARNES IN COPENHAGEN

THE DANISH Tax Administration Board's decision last week to raise by arbitrary assessment the 1976 taxable income of four of the international oil companies by a total of Kr.260m. (£23m.) has raised a host of ticklish problems.

In the process of sorting out the rights and wrongs of the issue, the Danish courts may have to consider the problems of transfer pricing between the Danish subsidiaries and their mother companies and the proper price relationships between the international oil companies and the small independent oil distribution companies.

These are problems of immense complexity, which are already being discussed with the oil companies in the forum of the OECD and the EEC.

The action against the oil companies has raised the question in the minds of multinationals with subsidiaries in Denmark as to whether the Danish Social Democratic Government wants their presence in the country any longer.

The oil companies have already accused the authorities of acting in breach of the OECD code of behaviour for multinational companies, which enjoins governments not to discriminate against them.

Another international complication may arise over the attitude of governments in the countries which are hosts to the mother companies of the Danish subsidiaries. Any increase in the tax on the Danish companies will, of course, be written off against the taxable income of the mother companies.

One of the more surprising aspects of the case is that the tax authorities have given no reason for their action. They have not questioned or criticised the tax returns or accounts of any of the companies concerned.

The tax administration Board itself has eight lay members and a chairman who is head of the state tax directorate. Its job in this case was to approve the proposal of the tax directorate to raise the oil companies taxable incomes. It did so by a vote of five to four, and has acted at the urging of the Minister for Taxation, Mr. Jens Kampmann.

Mr. Kampmann has said that the purpose is to bring about a greater equality of taxation between the international companies and the independents, who buy their oil at spot prices, which indicates that he has in mind the transfer prices which the international companies pay to the mother company.

Danish tax action against oil companies has raised fears that other multinationals may be next to suffer

The arithmetic of the tax Board decision suggests that they have set taxable income on a basis of a 15 per cent. gross margin on sales.

The action was taken under a clause in the company tax act, which states that an arbitrary assessment of tax can be made for international companies which trade on terms other than those which would apply to a fully independent company.

The background to the tax action is long-standing criticism by Left-wing politicians that the oil companies have paid very little tax over a long period. The oil companies have two main answers. In the case of Gulf, Esso and Shell, which have built refineries in Denmark, they point out that depreciation write-offs on these investments has reduced their taxable income.

Secondly, they say that even if they were able to obtain the prices for their products which they were allowed by the monopolies authorities to charge, they would not make much money. In actual fact they cannot even obtain these prices because of the competition from the independents, which have cornered almost 30 per cent. of the market.

While the oil companies feel that they are being discriminated against, other multinationals are wondering whether it will be their turn next.

A Social Democratic member of the Tax Administration Board, Mr. Mogens Lykketoft, told the party newspaper last week that the measures could be used against the other 140 multinational companies in Denmark, and that the focus would turn on any company which was not making profits.

Five opposition parties have in the meanwhile issued a joint statement calling the tax Board decision unjustifiable and holding Mr. Kampmann responsible.

"No company based on capital from abroad can feel itself safe from being taxed on the basis of a fictional gross margin with no regard to the company's situation or the type of goods it is trading in," said the statement.

It said that the tax board's decision could damage trading relations with other countries, make it more difficult for Denmark to borrow money abroad and have adverse effects on the flow of capital to Denmark.

The four compaines effected were BP, Chevron, Texaco and Esso. They have all claimed that their relations with other members of their groups are on a strictly commercial basis and point out that they have submitted all information on their prices to the authorities. All four are expected to fight the tax board's decision through the courts.

Argyll production is suspended for storm repairs

BY RAY DAFTER, ENERGY CORRESPONDENT

OIL production from the North Sea Argyll Field has been suspended for up to six weeks for repairs to be carried out on its storm-battered platform.

The shut-down could result in a delay in oil revenue to the Hamilton Brothers group of up to £6m.

Hamilton Brothers said yesterday that the semi-submersible platform, the Transworld 58, had developed some "minor structural problems" and would be moved to sheltered waters for inspection and maintenance work.

It is understood that the operators are particularly concerned about a lengthening fatigue crack, now about 4 feet long, along the weld of one of the underwater support members.

Production has been averaging 21,000 to 23,000 barrels a day during recent periods of good weather.

However, during the last few months production has been halted for between 35 and 40 per cent. of the days because of strong winds and rough seas hampering the offshore loading system.

The field—the first on stream in the North Sea—was shut down at 6.45 a.m. on Saturday in preparation for the inspection and repair work which is due to last between four and six weeks.

Interests in the Argyll field, the smallest commercial oil discovery in the North Sea, are: Hamilton Oil (28.8 per cent.); Hamilton Petroleum (7.2); Rio-Tinto Zinc (25); Texaco (24); Associated Newspapers (12.5) and Kleinwort Benson (2.5).

Platform incidents may be deliberate

SECURITY officials from the British National Oil Corporation are to investigate incidents that have interrupted oil production commissioning work on the northerly Thistle Field, writes Ray Dafter.

In the past few days the platform has been blacked out by a mysterious power failure. As the back-up power system also failed, it is thought that the cut may have been deliberate.

Work was also held up for a matter of minutes as a result of a hoax call on the platform's public address system. Workers were instructed to take part in an emergency drill.

Both incidents, which have been reported to Lord Kearton, Corporation chairman and chief executive, happened at a vital stage in the development of the important field.

The first production well is about to deliver the initial quantity of oil on to the platform and it is expected that commercial quantities could be flowing within the next fortnight.

There have been several last-minute problems, apart from the incidents under investigation. For example, there was an unexpected build-up of gas pressure in one of the early production wells. Bad weather has also frustrated the commissioning work.

The corporation is the operator of a consortium with interests in the field. Recoverable reserves are estimated to be between 500m. and 550m. barrels.

Oil will initially be produced at a rate of around 40,000 barrels a day. During the next year output should average nearer 120,000 barrels a day.

Interests in Thistle Field are: British National Oil Corporation (16.22 per cent.); Deminex (41.03); Santa Fe International (16.29); Tricentrol (9.65); Burmah (8.10); Ashland (5.43); Conoco (1.16); Gulf (1.16); and Charterhouse (0.96).

Salvors start rig rescue bid

THE AIRLIFT of 15 tons of salvage equipment, including compressors and pumps, between Guernsey and the grounded oil rig Orion, was completed by helicopter yesterday.

Salvage men now face a race against time to try to float the barge on which the oil rig is before tides begin to fall away after the week-end.

Leyland to be much more independent

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE NEW British Leyland management has won over the National Enterprise Board, its major shareholder, to a sweeping re-organisation of the company's finances which will enable it to exercise much greater independence than it has had during the past two years of State ownership.

Basis of this reconstruction will be a large new infusion of equity finance, some of which will be advanced this year.

On top of this re-financing, the company's future needs will be reviewed only annually, and will not be subject to promises of good performance from the unions as they have in the past.

These points were made emphatically by Sir Leslie Murphy, chairman of the National Enterprise Board, during a Press conference in London yesterday, at which he indicated that British Leyland will be given more Board money by the end of next month.

"I believe that Leyland in the long run ought to have a sensible debt/equity structure comparable with the best practice in the private sector. It is quite clear that the next injection of funds must be equity."

The method of advancing money on the basis of recent good performance did "not seem to have worked. My own judgment is that Leyland will need to be assured of the finance it needs a year ahead, and that it should have an annual review at which the money is either put up or not, as the case may be."

These changes will mean much more freedom of manoeuvre for Mr. Michael Edwardes, the new chairman of British Leyland, who wants a more arms-length relationship with the National Enterprise Board.

The issuing of new equity will help the company out of the financial straitjacket in which it is now working, provided Mr. Edwardes can get enough.

He has made it known that he feels executives cannot afford the time to be continually worrying about Leyland's financing problems in the present crisis.

At the same time, the shift of the reviewing process on to an annual basis will release the Leyland management from the pressure of having to justify the advancement of further State finance every few months.

Mr. Murphy would not be drawn on the total amount of money Leyland is likely to need over the next few years, although the company is believed to want about £400m. of new equity.

But he indicated that it would be broadly in line with the £850m. which is still outstanding from the sum which the Government agreed to advance under the plan drawn up by Lord Ryder three years ago.

Any increase in the equity element would have to go to the Government for approval.

It is likely that British Leyland will now present a plan which calls for a mixture of equity and loans over a five-year period.

● Shop stewards representing men at Leyland's 34 car plants have accepted proposals which will improve lay-off protection but impose a penalty clause against unofficial strikes. The new arrangements are part of the central bargaining reform package accepted in a ballot of Leyland Cars' workers last year.

● Leaders of 1,800 British Leyland workers who have been on strike at the Triumph factory at Speke, Merseyside, since November, yesterday agreed to meet Leyland plant management.

Eight nations line up against U.S. oil tanker proposal

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

BRITAIN, Japan, Holland and five other nations had lined up last night in opposition to a proposal from the U.S., Greece, Norway and Sweden that all oil tankers over 20,000 deadweight tons should be forced to fit segregated ballast tanks.

This was the position at the end of the first day of the tanker safety and pollution prevention conference organised by the Intergovernmental Maritime Consultative Organisation — a UN agency—in London.

Earlier, Mr. Stanley Clinton Davis, Trade Under-Secretary, warned assembled delegates from over 60 countries against unilateral action on tanker safety matters, because it would "inevitably erode the international authority of IMCO."

This was a clear warning to the U.S., which has said in the past that it would take independent action to discriminate against vessels which do not meet its own standards, if IMCO failed to act.

During the next fortnight, the U.S. will be tested as to whether it is prepared to compromise on segregated ballast, which it has advanced as the only effective means of preventing the operational fouling of the oceans by the world's oil tankers.

Britain is leading opposition to the U.S. on the grounds that compulsory segregated ballast will cost between $4bn. and $6bn. when alternative oil separation and tank cleaning methods are available at less than one-tenth the cost.

This matter is being debated within one of three committees into which the conference divided yesterday after Mr. Clinton Davis's opening remarks.

So far, individual states have simply declared their positions and there will be great interest to-day to see what line the Arab oil-producing countries take.

Callaghan bids for deal on Bullock

By John Elliott, Industrial Editor

THE PRIME MINISTER last night launched a new round of talks with leaders of both sides of industry in a final attempt to reach agreement on the White Paper which the Government is to publish following last year's Bullock Report on worker directors.

Last night Mr. Callaghan saw CBI leaders for talks lasting 1½ hours. He is now to arrange a meeting with the TUC, after which he is expected to see the CBI again. Ideally, he would like to bring to the two groups together to thrash out a common policy on industrial democracy, but this is not expected to be possible.

If agreement cannot be reached, the Government will go ahead and publish its proposals, although this may now not be until well after Easter. As drafted at present, the proposals envisage only a gradual move towards worker directors, accompanied by statutory rights on employee consultation and the disclosure of information.

When they met Mr. Callaghan last night, the CBI reiterated their belief in the need to build employee participation voluntarily from the shop floor upwards. They also repeated their total opposition to legislation giving trade unionists statutory rights to claim worker-director systems.

But they said that they stood by their evidence tothe Bullock Committee which proposed legislation enforcing participation agreements in companies. Some CBI leaders have, however, recently been saying that their members are now against any form of legislation on the subject.

The CBI also told the Prime Minister that surveys it has conducted recently covering some 950 companies showed that nearly 750 regularly made business information available

Marked recovery in December consumer demand

BY DAVID FREUD

CONSUMER DEMAND recovered sharply in December, although it was well down over the year as a whole.

Department of Trade figures show that the final seasonally-adjusted index of the volume of retail sales was 107 (1971=100).

This was nearly 0.5 per cent. higher than the provisional estimate, and represents an increase of about three per cent. on the previous month.

However, the average level of retail sales last year was about 2.5 per cent. below the average for 1976

The Department has rebased the volume indices on the final rather than the provisional results of the 1971 Census of Distribution, incorporating improved price deflators.

For this reason, the indices are rather lower than before, although they reflect a similar pattern of trade.

December's rise was largely accounted for by the tax-free bonus to pensioners and the effect of the back-dated reduction in income tax, the Department said.

The recovery is expected to be sustained into January. The sales have been well attended and the remaining third of the income tax rebates were paid in the end-December pay packets.

Most retailers believe that the volume of sales will slacken in February until after the Budget, when there should be a sustained consumer boom from the second quarter to the end of the year.

For the main components of total trade, the volume of sales by food shops in the fourth quarter was 1 per cent. higher than in the previous quarter, as were sales by clothing and footwear shops.

Sales by "other non-food" shops, which include department stores and mail order businesses, fell by 1 per cent. over the period.

Instalment credit business fell in January after a recovery in November. Seasonally-adjusted, the new credit extended by finance houses and retailers amounted to £414m., compared with £425m. in November.

HIRE PURCHASE CREDIT AND RETAIL SALES
(Seasonally adjusted)

		New credit extended by Finance houses £m.	New credit extended by Retailers £m.	Total debt outstanding (unadjusted) £m.	Retail volume (revised) Total (1971=100)	Retail volume (revised) Durable goods shops (1971=100)
1976	1st	340	493	2,349	105.9	117
	2nd	382	490	2,424	106.9	122
	3rd	393	521	2,516	107.3	125
	4th	420	547	2,716	105.9	124
1977	1st	458	547	2,792	103.2	116
	2nd	488	566	2,930	102.6	118
	3rd	546	632	3,108	104.6	121
	4th	580	641	3,341	104.9	121
January		135	189	2,661	104.5	121
February		157	185	2,691	104.0	118
March		168	183	2,737	101.7	109
April		154	192	2,834	102.3	118
May		170	186	2,887	103.2	117
June		164	188	2,930	102.3	118
July		163	202	2,963	105.0	125
August		201	216	3,047	105.2	118
September		182	214	3,108	103.9	121
October		172	210	3,170	103.3	120
November		199	226	3,267	103.8	118
December		209	205	3,341	107.0	125

Source: Department of Trade

Jenkins urges monetary union

BY MICHAEL BLANDEN

CREATION of economic and monetary union in the European Community would play a major part in establishing more stable conditions in the international monetary system, Mr. Roy Jenkins, President of the European Commission, said last night.

The system needed a more solid international monetary base than at present "if we are to have effective reflationary policies without dangerous consequences."

Reliance on floating exchange rates, with the main currency at least temporarily weakened, would not be sufficient.

Mr. Jenkins told international bankers at the Overseas Bankers' Club dinner that progress toward European monetary union would be greatly for the good of the Community and the world as a whole.

"Since no individual European country can expect to influence world financial stability, and as it is unreasonable as well as unrealistic to expect the U.S. to bear alone this burden as it has in the past, we should not merely pay lip-service to, but grasp the nettle of, economic and monetary union."

After the shocks of the oil price rises, which struck at an international monetary system already vulnerable, the world had "successfully muddled through."

But the problems of overcoming inflation, seeking to return to a growth and employment pattern known in the 1960s; or reducing international monetary imbalance and responding legitimately and practically to the needs of developing countries, remained.

It would be wrong to take too pessimistic a view of the future of the dollar, but the EEC, the world's largest trading bloc, could not forever go on requesting the U.S. alone to ensure that all was well in the world's financial system.

Rejecting arguments put forward against the timing of the renewed initiative by the Commission towards union, Mr. Jenkins said a move towards a common Community currency, apart from its major international advantages, "could give Europe a new strength to exert a major stabilising influence in world monetary affairs."

Mr. Gordon Richardson, the Governor of the Bank of England, supported Mr. Jenkins' efforts to re-open the debate on economic and monetary union.

It was still necessary, however, to operate in the existing environment, Mr. Richardson said. In this situation, "can we not concert policies for non-inflationary expansion so that the result can be greater than the sum of isolated moves?"

The Governor stressed that there would have to be co-operation between the three main centres of economic power, the U.S., Japan and the EEC.

One in ten workers in retail trade

BY OUR CONSUMER AFFAIRS CORRESPONDENT

JUST OVER a tenth of Britain's workforce was employed in the retail trade in 1976.

The provisional findings of the Department of Trade latest inquiry into retailing shows that there were 400,000 shops in Britain two years ago, with sales of £15.25bn. and a workforce of 2.6m.

The inquiry was the first in a series of annual investigations into retailing introduced to replace the old periodic census of the trade carried out between 1950 and 1971.

Because the research method is different to that used in the 1971 census, no precise comparisons can be made with the earlier survey. But the latest figure suggests that there has been a further sharp fall in the number of shops.

The 1971 census showed that there were 504,781 retail outlets in Britain and that 108,000 of these were in the grocery and provision trade.

The final results of the latest inquiry will contain analyses of the full range of data collected, including separate estimates for England, Scotland and Waes, and a breakdown by commodity, capital expenditure and stocks.

The provisional findings are published in the latest issue of Trade and Industry. The figures may be revised when the final results, based on more complete response, are published later this year.

Reliant to cut workforce

ANOTHER 300 jobs are to be axed from the 1,300 work force at Reliant, the Tamworth car plant. Over the past two years Reliant has cut its workforce from 2,000 and now it hopes for voluntary redundancies.

The company is owned by F. Nash Securities, owners of the Galley caravan group.

Reliant said yesterday that the new management was determined to check losses and ensure that the company returned to profitability as soon as possible.

The job cuts will involve staff and hourly-paid workers at all three Reliant factories.

MPs to review spending

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

AN INVESTIGATION into the way the present arrangements for accounting for public expenditure to Parliament might be rationalised, is to be carried out by an all-party committee of MPs.

The general sub-committee of the Expenditure Committee chaired by Mr. Michael English, Labour MP for Nottingham West, intends to take oral evidence in the coming months from the Treasury and others both on this subject and on the content and presentation of the annual White Paper on public spending.

As background to these hearings, the Committee yesterday published a number of papers, totalling 70 pages, on the control of public expenditure.

These have been submitted over the past year by the Treasury and Mr. Terry Ward, the sub-committee's specialist adviser from the Department of Applied Economics at Cambridge.

The sub-committee pointed out that it has for a number of years been pressing for improvements in the annual White Paper to "make it a more useful and informative document."

Significant

The papers discuss some of the recommendations made in the last few years—notably on the inclusion of medium-term revenue projections, the treatment of tax reliefs and allowances on housing, children and investment, and the question of gross or net presentation of certain items of expenditure.

The sub-committee expects to receive further papers from the Treasury about how the present system of accounting to Parliament (the annual White Paper, estimates, cash limits and the appropriation accounts) might best be reationalised, both to make them more intelligible to Parliament and to the public.

A memorandum written by Mr. Ward following the sub-committee's visit to Washington last April, highlights the "significantly greater amount of information published in the U.S. than in the U.K. on public expenditure programmes, on what they are intended to achieve, and on the assessment of the economic prospects which underlie policy.

"A far greater amount of time and effort is devoted to Congressional examination and debate of these matters, while there is a markedly greater tendency to consider public expenditure in the context of the overall budget than is the case in the U.K."

"The reaction in the U.S. to a loss of control over Government expenditure on the part of Congress has been to strengthen the power of the legislature.

"In the U.K., the reaction to the events of 1974-75 has been to concentrate on strengthening the executive control over departmental spending through the extension of cash limits to a large part of public expenditure and through the introduction of a monitoring system."

Mr. Ward discusses the implications for control of the fact that public expenditure is more immediately affected by changes in prices in the U.K. than in the U.S.

According to official estimates, a 1 per cent. rise in the general price level tends to be associated with an automatic rise of only 0.6 per cent. in Federal outlays in the U.S., implying that a relatively large proportion of transfer payments are fixed in money terms. In the U.K. the relationship is close to one-to-one.

The Treasury has submitted a paper to the sub-committee on the presentation of public expenditure plans in five countries (the U.S., France, West Germany, the Netherlands and Denmark), dealing with a range of subjects, including definitions of public expenditure, the presentation of revenue and expenditure in medium-term plans, tax expenditures and the price basis of projections.

The Treasury points out all the countries studied present the revenue and expenditure sides of the central Government accounts in their annual budget, as does the U.K.

"But none of them publishes forward expenditure plans at all similar in time-scale, or in detail, to those in the U.K.'s annual White Paper. Only three of the countries (Germany, the U.S. and the Netherlands) publish medium-term revenue projections.

"But these do not imply any particular fiscal policy stance: rather they illustrate the consequence of a number of working assumptions concerning tax rates and revalorisation of allowances.

"While in Germany and the Netherlands the revenue and expenditure projections are linked in the presentation of their medium-term expenditure plans, the main function of the revenue projections is to provide a framework for expenditure planning.

"But these plans do not in the main represent firm commitments beyond the next financial year."

The public spending White Paper in January included illustrative projections of revenue and expenditure for the next two financial years and one of the papers explains the background.

The Treasury discusses in this context the concept of the public sector financial deficit at constant employment levels of activity.

This is intended to show how the budget balance would change if existing tax policies and spending plans were implemented and private-sector expenditure and exports were adjusted so as to maintain a constant pressure of demand in the economy and equilibrium in the external current account.

However, the paper argues that it could not be a very accurate measure, particularly over a period in which economic conditions were changing markedly, because it relies on artificial assumptions about how the economy could be maintained at the constant level of activity.

"Moreover, it does not take account of the fact that the impact of changes in fiscal policy on the rest of the economy would depend on how the actual Budget balance was financed.

"These weaknesses become of increasing importance if the calculations are extended over a run of years, and the constant employment balance does not seem a suitable method of projecting revenues in the medium-term.

Projections

"Instead the Treasury has decided to relate revenue projections to the feasible growth of the economy in the period."

Another memorandum discusses the concept of tax-expenditure budgeting as developed in the U.S. which identifies and values all tax reliefs and allowances and links them with particular spending programmes.

For example, tax reliefs for children would be considered alongside family allowances, as would investment allowances with grants.

The Treasury is sceptical about the practical usefulness of a comprehensive list of this kind for the appraisal of policy compared with the provision of particular estimates when specific areas of policy are being studied.

Memoranda on the Control of Public Expenditure. Session 1977-78. Expenditure Committee. House of Commons Paper 196. SO, 35p.

HOME NEWS

Societies call for higher tax relief

A LARGE increase in the £25,000 limit for tax relief on mortgages has been called for by the Building Societies Association, writes Michael Cassell.

In its first pre-Budget memorandum, the Association urged the Chancellor to increase the relief limit to £40,000, to take account of inflation since the rate was updated in 1974.

It pointed out that since the present limit was introduced, the retail prices index had risen by 75 per cent. The Government had accepted that limitations on tax relief did have an adverse effect on the housing market.

"To the extent that people are deterred by the limit from moving into more expensive homes, there is a reduced supply of cheaper houses for sale as they fail to move up the housing ladder."

If the limit was raised to £40,000, the decision would "make a positive contribution to the health of the housing market without any undue cost to the Exchequer."

Stamp Duty

The Chancellor should also raise the starting point for payment of Stamp Duty. The present £15,000 figure was introduced in 1974 and the scale rises sharply—a duty of £600 is payable on properties over £30,000.

The Association says that the starting point should now be £25,000: 30 per cent. of all houses mortgaged to building societies were now priced at more than £15,000 and hence attracted Stamp Duty payments. This percentage was nearly twice the figure which applied in 1974.

Revenue from Stamp Duty rose to £85m last year, compared with £12m. ten years before, and there was "an exceptionally good case" for abolishing it altogether.

If this was not done, however, then the thresholds should be indexed to ensure that the Government was not, through inflation, in a position to increase tax rates without Parliamentary approval.

Investment income surcharge for all people over retirement age should be abolished. Many people accumulated some savings in societies to provide income to supplement their pensions upon retirement age, "but they now find, to their dismay, that this anticipated and planned-for income is sharply eroded by the impact of the surcharge."

More than 800,000 people were liable to the surcharge in 1976-1977 against 296,000 in 1973-74. If the surcharge was removed, pensioners would benefit financially and the incentive to save for retirement would be greatly increased.

Home output among worst for decade

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

HOUSEBUILDING output in the last few weeks of last year dropped to help make the year as a whole one of the worst on record for well over a decade.

According to the Department of the Environment, the house building sector started work on 266,200 homes last year, against nearly 326,000 homes in the previous 12 months. It is only the second time in 10 years that starts have not reached the 300,000 figure.

A breakdown of the figures shows that the number of public sector housing starts made last year fell to 132,300 from just under 171,000 in 1976.

The figure was the lowest since 1973 and reflects continuing restrictions on public expenditure in new house building output.

Forecasts suggest that starts in this sector this year will fall further, to about 125,000, and will stay at that level in the following 12 months.

The number of new homes on which work began in the private sector last year also fell, from nearly 155,000 in 1976 to just under 134,000.

The poor picture reflected builders' narrow profit margins, their general lack of confidence about market prospects, and difficulties in obtaining sufficient suitable land.

The number of private starts represented the lowest annual total since 1974, when they reached a low point of 106,000.

The House Builders Federation called the results disappointing and said that output should by now be responding to the recent upturn in private housing demand, caused by cheaper mortgage money and rising incomes.

"This stagnation, even falling trend, seems inexplicable in the midst of such a healthy housing market, until you look at the building land supply situation. We are getting increasing reports of serious shortages which are inhibiting any expansion of output."

Projections suggest that private housing starts this year will rise, though no more than 155,000 new homes are expected to be involved.

Total housing completions last year reached 302,200 against 315,000 in 1976, the lowest combined completions figure since 1974.

In the public sector, 162,500 homes were finished, only marginally down on the 1976 total of 163,000, but the picture in the private sector was less buoyant.

Completions here reached only 139,700, a fall of 12,500 from the year before and the lowest level for over a decade.

Other figures from the Department of the Environment showed that last year assistance was given towards the conversion or improvement of just under 188,000 homes in Great Britain, against 168,800 in the year before.

In England alone, 12 authorities declared 13 general improvement areas during the fourth quarter of last year bringing the total number of areas to 1,017.

Declaration of 12 housing action areas during the fourth quarter by 11 English local authorities brought the total number of areas announced since 1974 to 243.

The Department also reported that an estimated 40,800 homes were demolished or closed last year as a result of slum clearance action in England. The figure compares with one of 40,300 in 1976.

Commenting on the overall figures, Mr. Neil McIntosh, director of Shelter, said that the outcome was "a disaster for those in need of homes and for those who build them."

Construction industry output set to improve

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE construction industry is showing the first signs of revival after a four-year recession, according to the National Federation of Building Trades Employers.

The results of the Federation's latest state of trade inquiry provided evidence that the construction sector had turned the corner and that output was set to improve.

For the first time since 1973, the number of contractors reporting fewer inquiries than in the preceeding three-month period did not outnumber those reporting more potential business.

Twenty-seven per cent. of respondents to the December inquiry reported fewer inquiries, compared with 37 per cent. a year earlier. Another 27 per cent. said the number of inquiries had risen, against only 22 per cent. in the previous inquiry.

More than 70 per cent. of contractors were still operating at three quarters capacity or less—a proportion likely to be maintained for at least six months.

One-third of building companies expected to do less work this year than in the previous year. When last asked about prospects in September, nearly half thought their workload would be worse.

The outlook on the labour front remained fairly bleak. One-third of companies still expected to cut their average workforce this year, and just over 20 per cent. thought they might increase them.

The reduced level of work continued to be spread fairly evenly across the country. Few serious shortages of key materials and components had been reported, but some contractors were finding difficulty in obtaining skilled workmen, such as bricklayers, carpenters and plasterers.

Aid for first-timers

FIRST-TIME home buyers are to receive Government help under legislation introduced in the Commons yesterday.

The special "Savings Bonus and Loan" schemes to be operated under the Bill were foreshadowed in the Queen's Speech at the opening of Parliament.

A bonus is to be paid on up to £1,000 of savings held by a first-time purchaser, and a loan of £500 for each first-time purchaser who has saved at least £500 over at least two years before purchase and is buying a house within a specified price limit.

Both bonus and loan will be paid at the time of purchase. The loan will be interest free for five years and then repaid with subsequent interest over the remaining period of the mortgage.

The Bill, authorising the use of public money for assisting first-time purchasers, will also increase the financial limit governing housing corporation powers to guarantee loans to housing associations and similar organisations.

Patents change may cost companies £260m.

By Kevin Done, Chemicals Correspondent

THE pharmaceuticals industry has told the Government that it could lose sales worth at least £260m. and there could be a loss to the balance of payments of more than £150m., if amendments are not made to the new Patents Act, which is due to come into force this year.

Under the Act, all new patents and existing patents with more than five years to run will receive an extra four years protection from June 1, extending their life from 16 to 20 years.

What concerns the drug industry is that patents with less than five years to run will not receive any additional protection.

This category covers some of the most successful drugs patented in the last 15 years. The industry argues that without patent protection, the U.K. market will be open to imports from foreign imitators, which would also be able to undercut the price of U.K. products in overseas markets.

Advances

It is normal that when a major product patent expires, several imitators, usually from Italy and Eastern Europe, enter the market with imported material.

The industry told the Department of Trade, in a recent submission arguing for amendments to the Act, that it is British-owned companies that are particularly at risk.

During the period in question, ten to 15 years ago, it was British-owned companies, which made major advances in drug research.

It is sales of profitable drugs, such as ICI's Inderal and Fisons' Intal, which are most threatened if patent lives are not extended.

Royalties

The Association of the British Pharmaceutical Industry has told the Department of Trade, that British-owned companies alone stand to lose sales of more than £208m. and a contribution to the balance of payments of more than £132m.

It calls for an extended life for all patents and calls for the extensions to be granted without any "licence of right" provision.

At present, other companies can apply for a licence to produce a drug and must be given it, as long as they are ready to pay royalties. There is no such provision in new patents.

The department intends to consult other areas of industry. Amendments would require fresh legislation and the department wants to establish whether special provisions would undermine the interests of other industries.

Students will lobby MPs on jobs to-day

By Michael Dixon

STUDENTS ARE to lobby MPs in London to-day to demand extensive measures to counter the threat of increasing unemployment among young people.

The National Union of Students wants the Government to introduce next year a programme to provide 1m. new places in schools and colleges for 16- to 19-year-olds.

To provide the necessary extra staff—and also to eliminate classes of more than 30 pupils from schools by 1981—the union is calling on the Government to reverse its plan to close another 20 teacher-training colleges.

More workers given medical cover

BY ERIC SHORT

MORE employees are being covered by their employers for medical and hospitalisation insurance, in spite of the pay guideline restrictions on this type of employee benefit.

The membership figures for British United Provident Association, Private Patients Plan and Western Provident Association, which account for more than 98 per cent. of the medical insurance market, show that the number of members of group schemes rose 3.7 per cent. in the course of last year.

BUPA recorded an increase of 1.5 per cent., PPB 8.7 per cent. and WPA 48 per cent.

Payments made by companies towards medical insurance provision are regarded as part of the salary rise for pay guideline purposes and employees are taxed on the contributions made on their behalf by employers as payments in kind.

Nevertheless, all three companies report more employers starting medical insurance schemes for employees since the ending of Phase Two — even though many schemes related to executives and middle management. The medical insurers have been revising their company schemes—BUPA did not launch its new plan, CompanyCare, until November and did not expect to reap the full benefit until this year.

Individual membership fell 4 per cent. last year, however. This trend has been seen in the last six years. BUPA experienced a decline of 3.8 per cent., PPP 4.6 per cent. and WPA 5 per cent.

But the companies reported that in the second half of the year the decline in individual membership virtually came to a halt. They are optimistic about the level of membership this year as inflation is brought under control.

The net result was that total membership inched ahead by fewer than 1,000 to 1.06m. last year. In the previous two years membership fell. The improvement in membership has been welcomed by all three companies. They feel this year could be a year of steady growth.

MEDICAL INSURANCE MEMBERSHIP FIGURES
end 1977 (end 1976)

Company	Individual		Group		Total	
British United Prov. Ass.	338,030	(351,449)	479,470	(472,253)	817,500	(823,702)
Private Pat. Plan	123,413	(129,382)	82,619	(76,011)	206,032	(205,393)
West. Prov. Assn.	12,142	(12,785)	21,909	(14,801)	34,051	(27,586)
Total	473,585	(493,616)	583,998	(563,065)	1,057,583	(1,056,681)

Call to step up forest planting in Scotland

ALL SIGNS point to an increasing world-wide shortage of timber over the next 20 years, the Scottish Council (Development and Industry) says in a report published to-day.

It advocates Government measures to encourage more new forestry planting in Scotland.

If recent experience with demand and supply of other internationally traded commodities is anything to go by, the price of timber products could quadruple relative to other prices, it says. It would seem logical for Scotland to take advantage of its suitable environment and vigorously promote forestry development.

A copy of the report has been submitted to the Secretary of State for Scotland.

Royal Ascot

THE ROYAL meeting at Ascot will take place on June 20, 21, 22 and 23. Applications for admission to the Royal Ascot Enclosure should be made to Her Majesty's Representative, Ascot Office, St. James's Palace, London SW1, before the end of April.

OBITUARY

Sir Oliver Crosthwaite-Eyre

SIR OLIVER CROSTHWAITE-EYRE, a former vice-chairman of the Financial Times, has died aged 64.

Sir Oliver was Conservative MP for the New Forest from 1945 to 1968 and chairman of Associated Book Publishers from 1961 to 1973. He spent his later years in Salisbury, Rhodesia.

The son of Major J. S. Crosthwaite-Eyre and Dorothy Muriel Eyre, he was educated at Downside and Trinity College, Cambridge, before joining Eyre and Spottiswoode where he became a director and chairman.

Sir Oliver enlisted as a private at the beginning of the Second World War before being commissioned in the Royal Marines in April 1940. He served in Norway, the Middle East, and other parts of North-West Europe and retired with the rank of colonel.

He entered Parliament in 1945 as Conservative Member for the New Forest and Christchurch division of Hampshire, which, in 1950, was reconstituted as the New Forest division.

On the Board of the Financial Times, Sir Oliver represented the interests of the Eyre family, who had merged their Financial News group with the Financial Times in 1945. But after a disagreement between the Eyre family and Lord Bracken, chairman of the Financial Times, the Eyre family's interest was sold to the Pearson Group.

Sir Oliver married Maria Alexander Puthon in 1939 and they had two sons and three daughters.

Hospital workers vote for offer

A GRASS ROOTS vote by a quarter of a million hospital ancillary workers has come out in favour of accepting a pay settlement of just under 10 per cent., in line with the Government pay code.

The vote seems likely to influence pay negotiations for another 75,000 hospital workers in administration and maintenance due for settlement in April.

This does not include 18,000 ambulance workers who were due for a pay increase in January and are now voting on their latest offer, also within the Government guidelines. This group has been asking for a £55 a week minimum wage.

The size of the majority vote by the ancillary workers has not been quantified but is believed to have been rather higher than expected by union leaders who have been pressing for a new minimum of around £50.

Discontent

But according to the National Union of Public Employees, one of the four unions on the Health Service Ancillary Staffs Council, "a measure of demoralisation" had resulted from the failure of the firemen to achieve immediate cash rises above the Government's 10 per cent. ceiling.

The ancillary workers deal was said to have been accepted "reluctantly" and in a way which was likely to "store up trouble and discontent in the future."

Its terms fall far short of the unions' claim for "substantial" improvements.

Action by tanker drivers closes Scottish schools

BY NICK GARNETT, LABOUR STAFF

REGIONAL councils in some areas of Scotland have started emergency fuel monitoring in the face of declining oil supplies caused by the tanker drivers' overtime ban.

Strathclyde yesterday shut 70 schools, mainly in the Glasgow, Renfrew Lanark, Argyle and Dunbarton areas because oil stocks had fallen to critically low levels. Almost 100 schools are expected to be closed to-day.

The central regional council has a small number of schools with only three or four days' supply and these, too, are threatened with closure.

Both areas say two days' supply is the minimum operating level and Strathclyde is also worried about oil supplies to residential homes and approved schools, although these have top priority for oil allocation.

In the whole of Britain, drivers at Shell, Esso, BP and Texaco, are operating a national overtime ban in support of a wage claim outside the pay guidelines.

Garages dry

BP said yesterday that a few of its garages had run dry and the number would increase through the week. Deliveries by the four companies have been cut by about 30 per cent. The overall effect of this will become gradually more acute.

The AA said garages were running out of particular grades for short periods, especially four-star.

The Motor Agents' Association claimed many garages could go out of business because of the maximum petrol prices imposed by tanker drivers in some areas, particularly in the Midlands.

Tanker drivers have told filling stations that if they charge above certain limits—about 78p—they will receive no more supplies.

The drivers have been offered about 15 per cent., including 5 per cent. productivity but are demanding improvements that would lift the package to about 20 per cent.

Both Esso and BP said yesterday that their offers remained unchanged and were at the limit allowed under pay guidelines.

Shell white collar staff have been given an interim 10 per cent. payment and talks on possible further payments are still taking place.

Miners' leaders to meet Benn

BY OUR LABOUR STAFF

MINERS' LEADERS will hold separate meetings to-day with Mr. Anthony Wedgwood Benn, the Energy Secretary, and TUC officials before resuming pay negotiations at the National Coal Board to-morrow.

The claim by the National Union of Mineworkers that the Government's 10 per cent. limit on earnings is general, not specific to each negotiation, is almost certain to be rejected by Ministers.

Nor is the other line of attack, to go for an eight-month deal to recover this year the traditional November settlement date, likely to get a much better reception.

Mr. Joe Gormley, the NUM president, and senior colleagues will meet Mr. Len Murray, TUC general secretary, this afternoon after a meeting earlier with Mr. Benn. Mr. Denis Healey, the Chancellor, and Mr. Albert Booth, Employment Secretary, are also expected to attend.

The TUC has never endorsed the 10 per cent. limit, and its own 12-month rule applies only to Phase Two settlements, but some NUM leaders suspect that the TUC's guidance will be that a short-term deal for the pits would set an unwelcome precedent.

The discussions will focus on two paragraphs of the White Paper.

Paragraph 11 says: . . . "the Government agrees with the TUC that it is not possible to stipulate a specific figure at which individual negotiators should invariably settle, but it must seek to ensure that the national target (10 per cent.) is achieved.

"This means that the general level of settlements must be well within single figures . . ."

The following paragraph says: "The Government recommends those concerned with pay determination in both the public and private sectors . . . to make new settlements on the basis that they will last for 12 months."

It adds that the Government will do all it can to ensure that happens in the public sector. It expects the private sector to follow suit.

The National Coal Board, which put a £75m., or 10 per cent. earnings rise, on the table last week and invited the NUM to divide this up as it pleased, is preparing a detailed set of options for distributing the money within the 10 per cent. ceiling.

Fireman loses appeal

AN APPEAL by a London fireman, dismissed for theft, that the wrong procedure had been used in suspending him and five colleagues was dismissed in the Court of Appeal yesterday. Lord Denning, Master of the Rolls, said a claim that there was an agreement that criminal offences not involving a prison sentence should be dealt with under the fire service disciplinary regulations was not well founded.

Rise for scientific staff

ABOUT 800 scientific staff employed by Boots Company are to receive pay increases of between 15 per cent. and 25 per cent. to bring them in line with scientists engaged in comparable work elsewhere.

The increases follow an application by the Association of Scientific, Technical and Managerial Staffs under the 1946 Fair Wages Resolution.

This legislation which has been extended to apply to workers not necessarily engaged in Government defence contract work, could apply to Boots workers under the original resolution because of the company's position as a supplier to the armed services.

The Central Arbitration Committee awarded increases of between 10 and 15 per cent. to the majority of the scientists on top of their annual pay after finding the company was paying wages "less favourable than the general level of wages observed by other employers in the industry."

Action urged on flag of convenience vessels

By Our Aberdeen Correspondent

THE NATIONAL Union of Seamen will be urged at its biennial general meeting in May to take a strong line, including industrial action, against flags of convenience vessels operating in the British sector of the North Sea.

The meeting in Aberdeen, will also be asked to stop the use of "cheap foreign labour" on North Sea barges, rigs and platforms.

The motions come from the expanding Aberdeen branch which covers most of the supply and safety boats operating in the sector, as well as catering crews on offshore installations and barge crews.

Conditions

The flag of convenience motion asks for action involving the International Transport Federation, the Government and other unions to stop the use of such ships in the North Sea, including American and Canadian supply boats, unless the appropriate national rates are paid and union labour used.

Mr. Harry Bygate, the union's Aberdeen official, said yesterday: "We will be asking the ITF and all its affiliates including British and Norwegian dockers to wipe these boats off the North Sea. I would like to see a full-scale boycott including ship repairs, cargo handling, dockers, the lot."

Sir Gordon Newton testifies in Tether hearing

SIR GORDON NEWTON, editor of the Financial Times for more than 20 years until he retired in 1973, gave evidence on the 17th day of the Industrial Tribunal hearing the unfair dismissal claim by the newspaper's former columnist, Mr. C. Gordon Tether. The hearing is likely to last another 14 days.

Mr. Tether's dismissal 16 months ago was the culmination of a protracted wrangle about the editorial control of the present editor, Mr. Fredy Fisher, over the Lombard column which appeared for 21 years under Mr. Tether's name. Mr. Tether, it is alleged, maintained he had the right to write what he liked as an independent columnist.

Mr. Tether, 63, of Worplesdon, Surrey, has rejected the newspaper's compensation offer of full pay until normal retirement age and an unaffected pension.

Sir Gordon told the tribunal that certain copy was not "set" without his approval—leading articles, features, and specialist articles, including Mr. Tether's.

If he did not approve he would alter copy, and if he altered it drastically he would speak to the journalist concerned.

If Mr. Tether's copy needed cutting, he would cut it. If he thought the language went "a bit too far," he might tone it down and if he thought an argument had ben repeated, he might also cut it.

On some occasions when he cut Lombard drastically he would receive a note of complaint from Mr. Tether. But Mr. Tether was not the only journalist who would complain if he drastically changed copy. That was part of the way of life in a newspaper.

He and Mr. Tether had a working relationship. It was not close, but it worked.

Sir Gordon said he might have spoken on a few occasions to Mr. Tether about the subject matter of the column. He could have suggested that he "lay off" a particular subject for a few days.

But, said Sir Gordon, he would not ban a subject. It would be a suggestion. Mr. Tether was amenable to suggestions from him — most people were.

Mr. Tether was not an easy man. But they built up a workable relationship over 20 years. He had no complaints about Mr. Tether.

Sir Gordon said that Mr. Fisher, his deputy for two years before succeeding him, was fair-minded professionally.

Questioned by Mr. Tether, Sir Gordon agreed there was no arrangement for them to consult each other each day about the subject of the column.

He did not consult Mr. Tether beforehand in making changes because it was his right to send copy down to the printers as he wanted it to appear. He would not alter the sense of the column—just the tone or length.

Questioned by the tribunal chairman Mr. William Wells, Sir Gordon agreed that the definition of the job of a speicalist writer was one able to write on subjects in his own way subject to a certain broad editorial control, within the limits of sanity, legality and taste; that he should keep within certain broad parameters established by the newspaper; and that the editor should retain his right and duty to sub-edit.

Mr. Wells said that one of the most important elements in the case was that it was said on behalf of the Financial Times that there was no working relationship after a certain time between Mr. Fisher and Mr. Tether. What was the duty of an editor who found it difficult to establish a working relationship with a distinguished columnist of long standing?

Sir Gordon said that it would be the duty of an editor to suggest to the columnist that there might be other places where his considerable talents would be more usefully employed.

ACAS in bid to solve Dunlop row

OFFICIALS from the Advisory, Conciliation and Arbitration Service will meet national union officials and representatives of Dunlop management to-day to try to end an overtime ban over equal pay by 300 staff at Dunlop's Liverpool plant.

Silkin's Appeal Court speech

THE FOLLOWING explanation of the Government's use of sanctions against companies breaching the pay guidelines was given in the Appeal Court by Mr. Sam Silkin, QC, Attorney-General, yesterday.

As a result of his statement, on behalf of the Department of Employment, Holliday Hall, a London-based electrical contractor, dropped its application for an injunction against the Electrical and Plumbing Trades Union.

I WELCOME the invitation of the court to address them on behalf of the Department of Employment. It will, I hope, shorten these proceedings if I do so immediately.

The present proceedings were brought to my attention for the first time after the court rose on Friday. Since that time I have called for and considered the documents before the court, copies of which were kindly provided by the plaintiff's solicitors.

I have also informed myself fully so far as concerns the position of the Department of Employment. I have read the report of the proceedings on Friday in The Times newspaper.

And I have over the week-end discussed the position with Ministerial colleagues concerned. Having done so, I would like, at the outset, on behalf of the department to establish a very important principle:

That it is not now and has never been the policy of the Government that it should take any action with the intention or consequence of causing a breach of contractual or other legal obligations.

Accordingly the Government fully accepts that the plaintiffs must comply with any legal obligations to which they may be subject and intends to take no step whatever which would in any way seek to induce or persuade them not to do so or which would single them out for adverse treatment solely on the ground of compliance with their legal obligations.

That, I hope, is sufficient to deal with the primary matters on which your Lordships required assistance and will also, I hope, dispose of the issues between the parties, since there is no reason, so far as the Government is concerned, why the plaintiffs should refrain from honouring whatever legal obligations they may owe to their employees.

I hope however that I may take up a further short period of your Lordship's time in giving a few words of explanation of how the present difficulties arose.

The Government policy since July 1975 has been set out in three White Papers presented to Parliament (Cmnd. 6151, 6507 and 6882) each entitled The Attack on Inflation.

Each of those White Papers has exhorted employers to comply with guidance as to the level of pay increases, in the firm belief that it is essential for the national economic well-being that inflation should be controlled and in particular that excessive increases in incomes should be restrained.

It is common knowledge that the Government has regarded it as one of its highest duties to secure the success of this policy.

Each of those White Papers also stated that the Government proposed to exercise whatever powers it lawfully could in a manner consistent with the policy: in particular they made clear that in considering firms as contractual partners they would take into account the principle that the Government ought, wherever possible, to avoid the devotion of public money to enterprises which conducted their business in a manner likely to fuel the fires of inflation.

So far as the present case is concerned, I welcome the fact, which is abundantly clear from the history as I know it, that the JIB, as the body repesenting both the employers and the employees in the industry, has fully recognised the importance in the national interest of achieving a pay settlement which falls within the counter-inflationary guidelines contained in the White Paper debated and accepted by Parliament.

It is not the policy of the Government to cause any breach of contract

A proposed agreement was reached by the two sides of the industry which both sides of the industry considered to fall within the guidelines. The proposed agreement was submitted to the Department of Employment, as is the normal current procedure, for its considerations.

Subject to certain assurances which the Department request, and in particular relating to bonuses which were not linked to productivity schemes, it raised no objection. It stated this in the exhibited letter dated December 6. There was little time to lose as the new agreement required to be implemented by January 1.

The agreement was made on December 7 and the assurances were communicated on December 8. At a meeting of the JIB on December 16 the agreement was incorporated in the JIB determination. It was anticipated that this would take effect on January 1, having by then become part of the contracts of employment of all employees. A few days later, on December 21, the JIB made available to the Department costings which the Department had not previously seen.

The Department considered these figures and its officers immediately entertained misgivings as to whether the assurances which had been given to them on December 8 could in fact be fulfilled.

They communicated their doubts to the JIB, that is to say, to both sides to the agreement, on December 22. This led to further negotiation between the Department and the JIB in the course of which the Department asked the JIB—again, I emphasise, both sides to the agreement—to refrain from implementing it until the matter in issue had been disposed of.

It was at this point that the Department drew to the attention of the JIB the possibility of the use of discretionary measures by the Government in accordance with the White Paper. It follows from what I have said earlier that the Government was seeking to persuade the two sides of the industry within the JIB to renegotiate the agreement and had no intention whatever of seeking to persuade any employer to break whatever legal obligations he might be subject to.

The result of these negotiations was that the representative body of employers were persuaded that a variation of the settlement for the purpose indicated, would be acceptable, but were unable to persuade the employees side to accept such a variation.

The Employers' Association and the Department then entered into discussions separately from the employees' side of the JIB. In the course of those discussions between the Employers' Association and the Department, the Department's representative made certain statements concerning the possible use of the Government's discretionary powers which I concede were unfortunately worded and which evidently led the Association to believe that their members were being invited not to comply with any contracts of employment with their employees which were based on the JIB agreement and were by early January already binding.

As I have made clear, any such reference is wholly contrary to Government policy and intentions. Accordingly, insofar as those statements were construed as an invitation to employers to break contracts of employment, I unreservedly withdraw that interpretation on behalf of the Government.

Unfortunately, the Association on the same day sent guidance to its members advising them to implement the JIB Determination with the exception of the lieu bonus paragraphs.

It added that on that matter urgent discussions were taking place with the Department.

Further discussions took place on possible solutions but essentially the position remained unchanged. The Association and the Department reached agreement on methods of resolving the issue, but the employees' side did not renegotiate the JIB determination of December 16. That, accordingly, remained effective.

It appears, however, that the plaintiffs followed the advice given to them in their association's circular and these proceedings in due course followed.

In view of what I have said I hope and anticipate that the plaintiffs will no longer feel constrained to refrain from implementing any legal obligations which they may recognise and that in the result these proceedings may cease to have any useful purpose.

Finally, I would ask your Lordships to bear with me if at some risk of repetition I make clear that which I am sure is already clear to your Lordships but which could be misinterpreted or misunderstood elsewhere with damaging effect to the policy of seeking to contain inflation.

Your Lordships will note that I have not relied upon the contention set out in the plaintiffs' evidence which is still undisputed, that the obligation to pay this increase was still conditional. If this were the case it would obviously be of considerable comfort to the Department and would explain the terms of the correspondence.

The right to place contracts in a manner which best serves the country

However, having considered the evidence available to me I do not think it is right to rely on this. Though I say this without prejudice to the Plaintiffs' position as they may well have evidence of which I am unaware.

What I have said implies no derogation from the Government's right, subject to any relevant statutory provisions, to place its contracts in the manner which in its view will best serve the national interest, and hence to take into account, among other relevant factors, whether an employer is or is not observing the White Paper guidelines for the purpose of controlling inflation. That is a matter which is not in issue in this case.

I have addressed no argument to your Lordships about it. If it had been in issue I am sure I would have been able to satisfy your Lordships of its legal propriety notwithstanding the comments which have been made in the newspapers and elsewhere.

However, I am equally sure that this would have taken more of your Lordships' time than would be justified in the circumstances and I am relieved that before this action is disposed of there is no need for me to do so.

I trust your Lordships will feel it appropriate to make this clear in any judgments that may be given since the comments in the Press which have already taken place indicate that there are some who now regard this case as being a trial of the Government's pay policy and this it clearly is not.

It does however still involve very important principles which I put at the forefront of my observations to your Lordships and as I stated at the outset the position of the Government is very clear as to this.

May I close by repeating: It is not now and has never been the policy of the Government that it should take any action with the intention or consequence of causing a breach of contractual or other legal obligations.

A limited use for sanctions

BY A. H. HERMANN, LEGAL CORRESPONDENT

THE ESSENCE of the Attorney General's statement is that the Government's use of sanctions for the enforcement of pay policy will in future be limited to instances of voluntary increases over the 10 per cent. guideline—that is increases paid by employers who are under no obligation to do so—and possibly as a deterrent from entering into such obligations.

Mr. Silkin said twice that it was not the policy of the Government to take any action which would cause a breach of contractual or legal obligations.

No distinction was made by him between obligations resulting from industrial bargaining and obligations resulting from agreements reached between employers and individual employees.

At the same time, he insisted that in placing its contracts the Government could take into account whether an employer was or was not observing pay guidelines. But he did not argue the validity of this assertion, saying that was not at issue in the present case.

The two statements seem contradictory and if greater weight is given to the first—which did concern the matter before the court—it could mean that while union pressure will remain real the Government's counter-pressure will no longer be credible. One interpretation is that the Government reserves the right to threaten sanctions but promises not to apply the sanctions once the increase is agreed.

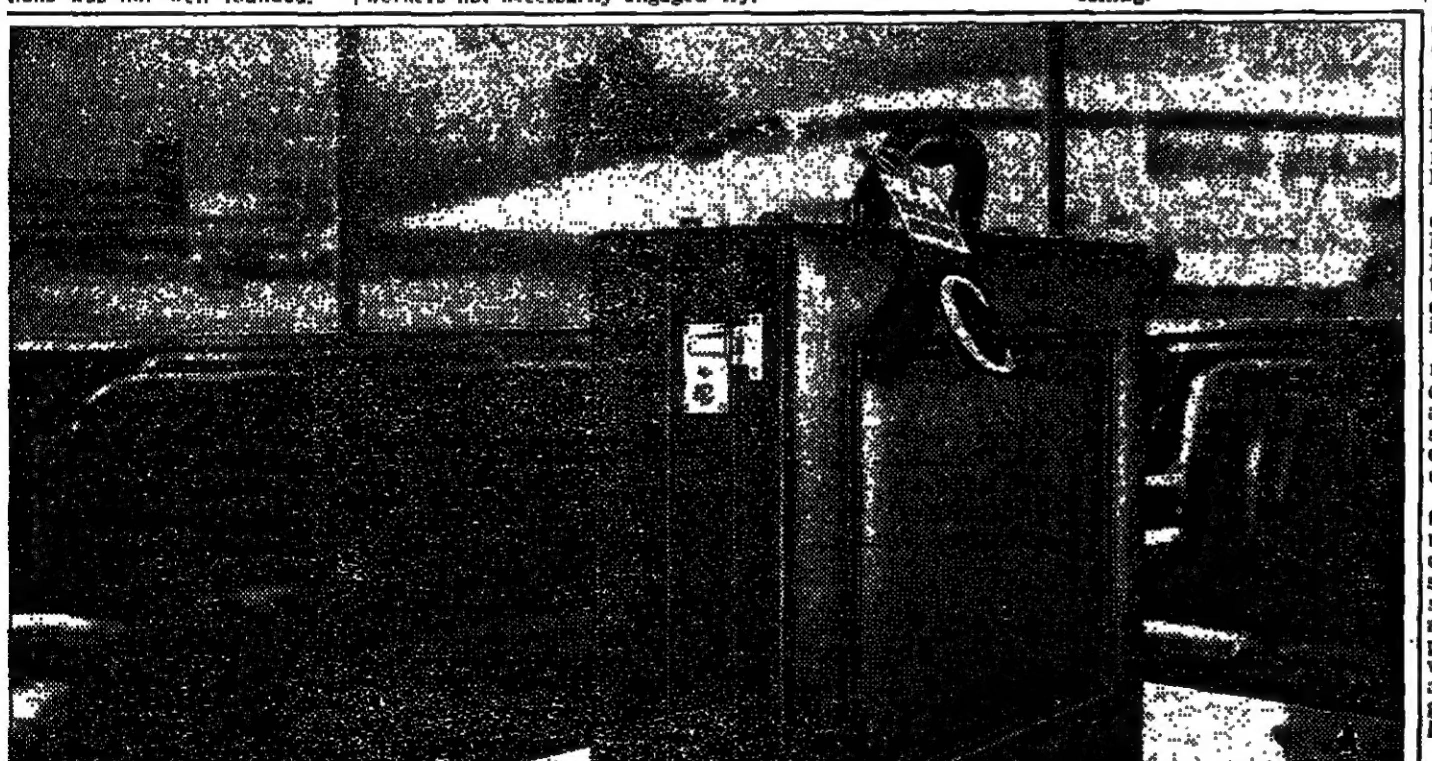
Another interpretation is that the Government could apply sanctions against companies negotiating increases outside the guidelines and to enforce such sanctions as a punishment for entering into such agreements, though not for meeting their obligations out of such agreements.

This would leave many companies in the dilemma of having to choose between ceasing operations because of a strike or because of the denial of Government contracts. It is hard to believe that Mr. Silkin meant to play with words for such a doubtful purpose.

In the particular case of Holliday Hall and of other employers who concluded an agreement with the Electrical and Plumbing Trade Union, the Attorney General has unconditionally withdrawn on behalf of the Government any threats that could be deduced from the "unfortunately worded" statements made by the representatives of the Department of Employment in their discussions with the Employers' Association.

Mr. Silkin takes the view that in this case the obligations concerning pay increases and bonuses are binding on the employers unconditionally. But in order not to prejudice the position of Holliday Hall he admitted that they might have evidence (of which he was not aware) that their obligation to pay the increase was only conditional.

Were that so, "it would be a comfort to the Department" and it would explain why they used in the correspondence the terms they did use. It is, however, clear from the context that Mr. Silkin does not seek a way out in this direction.



PARLIAMENT AND POLITICS

Japan urged to cut its trade surplus

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MORE warnings about the need for Japan to cut its large trade surplus with the U.K. were given in the Commons yesterday by Mr. Edmund Dell, Trade Secretary.

He stressed the importance Britain attached to talks on reducing Japanese car exports, which begin in Tokyo to-day between the Society of Motor Manufacturers and Traders of the U.K. and the Japanese Automobile Manufacturers Association.

Mr. Michael Meacher, Under-Secretary for Trade, said that he hoped to announce soon the introduction of surveillance licensing on imports of foreign cutlery.

This would enable the Department of Trade to check the quantity of imports and follow up with control action if necessary. The move follows widespread complaints that large-scale imports of cutlery, mainly from France, Korea and Hong Kong, were damaging British manufacturers.

Mr. Meacher said that the scheme would first have to be cleared with the EEC Commission. Import levels of cutlery were already so high that there was no confidence that the British manufacturers could supply the lower end of the market.

Mrs. Audrey Wise (Lab., Coventry SW) said that in many parts of the U.K. it was impossible to buy a British-made knife and fork. The British manufacturers who were household names were now importing cutlery and people were buying it, without knowing that it was not made in Britain.

Mr. Giles Shaw (C. Pudsey) said the enormous surplus in favour of the Japanese showed that only minimal reductions were being made in their exports. He called on Mr. Dell to ensure they made meaningful reductions.

Mr. Dell said the serious position created by the surplus had been impressed upon Mr. Ushiba, the Japanese Minister for External Economic Affairs. "I hope that the necessary action is now taken on their side to rectify the position."

Mr. Roger Sims (C. Chislehurst) said that the modest reduction in import duties announced by the Japanese Government before Christmas had been welcome. But there was disappointment that the cut in duty on biscuits and confectionery had not materialised.

Duties of 35 to 40 per cent. were not conducive to an increase in trade.

Mr. Ronald Atkins (Lab. Preston N) said that the Japanese were using import duties and restrictions to protect and develop their industries. It was time Britain adopted similar measures.

The Secretary of State retorted that the difficulty with the Japanese was not just a matter of import duties, tariff barriers or non-tariff barriers, but the Japanese attitude to purchasing. This helped to build up Japanese industry and its export capacity.

Mr. Hal Miller (C. Bromsgrove and Redditch) said that the Japanese automobile industry had not lived up to the undertakings to contain the export of its cars to the U.K. He wanted to know what action the Government intended to take to ensure that the imports limit was observed.

Mr. Dell told him that, with the Tokyo talks starting to-day, he did not wish to issue threats about what action might be taken. "I merely emphasise the importance this Government sees in these talks being successful."

Mr. Max Madden (Lab., Sowerby) said that last year, Britain imported more cars from the EEC than it exported. Manufacturers of countries other than the Japanese needed talking to by the British Government.

Mr. Dennis Skinner (Lab., Bolsover) said Britain was being "taken for a ride" by unfulfilled Japanese promises to reduce car exports.

But Mr. Dell replied that Japanese penetration of our car market would be even greater but for the voluntary agreements. He welcomed the fact that the Japanese car industry was not buying components from Britain.

But the figures were still very small and in no way compensated for the large import of foreign cars into Britain, he said.

USSR draws £441m. credit

THE Soviet Government has now taken up £441m. from the £950m. line of credit offered by Britain in 1975 for the purposes of Anglo-Soviet trade.

Giving the figures in the Commons yesterday, Mr. Michael Meacher, Under-Secretary for Trade, said this represented about 46 per cent. of the total offered to Russia.

Mr. Peter Blaker (C., Blackpool S) objected that the USSR was using part of the money to build chemical factories to export chemicals to the West at a politically-fixed price.

But Mr. Meacher replied that such bi-lateral arrangements were an increasing aspect of international trade. It was a matter for the companies concerned whether they should enter into contracts with the Soviet Union.

EEC deficit improving

FIGURES given to the Commons yesterday by Mr. Michael Meacher, Under-Secretary for Trade, showed that Britain's trade deficit with the EEC is now improving.

In the first half of 1976, the crude trade deficit with the Community was £1,041m. and in the second half, £1,100m. In the first half of 1977, the deficit was £1,017m. and in the second half, £985m.

Mr. Hugh Dykes (C., Harrow E.) said that the anti-Marketeers were silent about this now that the position was looking up.

But Mr. Meacher said that the improvement might be marginal. Britain's annual EEC deficit was still about £2bn. and this had to improve considerably.

Government lacks policy on Soviet threat in Africa, Davies claims

BY IVOR OWEN, PARLIAMENTARY STAFF

RUSSIA'S GROWING involvement in Africa is part of a "grand strategy" which must be viewed with concern by the West, Mr. John Davies, shadow Foreign Secretary, told the Commons last night.

He strongly criticised the Government's failure to make clear that it appreciated the dangers and risks involved or to offer any coherent evidence that it had a policy for dealing with them.

Mr. Davies protested that statements made by Dr. David Owen, Foreign Commonwealth Secretary, and others, about Russian actions in Africa, portrayed an attitude of relative indifference and even an inclination towards appeasement.

Renewing the Opposition attack on the Foreign Secretary's handling of the Rhodesia problem, he said the impression given by the latest talks in Malta was that no solution would be acceptable unless it was acceptable to the Soviet Union.

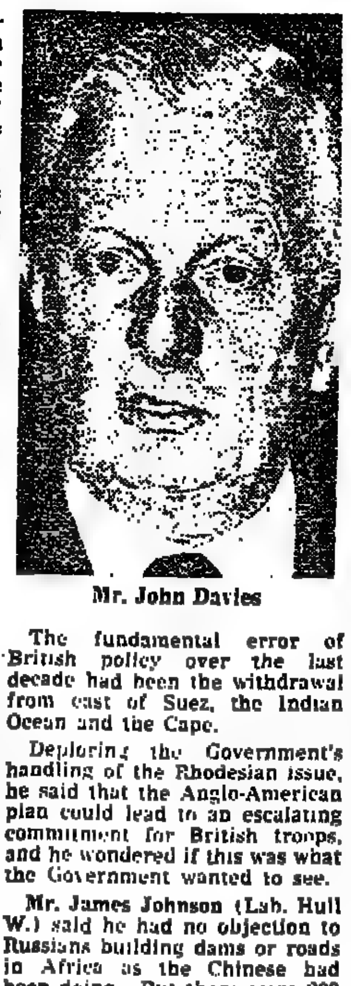
"That is an unacceptable situation for him to put forward," declared Mr. Davies, amid Tory cheers.

Rear-Admiral Morgan-Giles (C., Winchester), who opened the debate, accused the Government of failing to recognise the threat posed by Soviet "adventurism" in Africa. At best, the Government's policies were "feeble and misguided" and, at worst, they were "disastrously wrong."

Soviet activities in Africa posed the risk of a denial of raw materials to the West. There was also a strategic threat to Western shipping on the Cape route, and to oil supplies from the Persian Gulf.

Another threat was to the supply of uranium, which was vital for creating nuclear energy.

Read-Adm. Morgan-Giles said that Russian weapons, equipment, instructors and political agents had been pouring into Africa in an endless stream, and they had taken agents back to Russia for courses in terrorism, sabotage and bomb-making.



Mr. John Davies

The fundamental error of British policy over the last decade had been the withdrawal from east of Suez, the Indian Ocean and the Cape.

Deploring the Government's handling of the Rhodesian issue, he said that the Anglo-American plan could lead to an escalating commitment for British troops, and he wondered if this was what the Government wanted to see.

Mr. James Johnson (Lab. Hull W.) said he had no objection to Russians building dams or roads in Africa as the Chinese had been doing. But there were 200 planes flying to Ethiopia from Aden and there were 3,000 to 6,000 Russians and Cubans in the country.

Mr. Johnson attacked Ethiopia for being "even worse than General Amin on human rights."

He had had long talks with Ministers and officials at Mogadishu in October and they had emphasised that Somalia would go down unless they got help.

A bloody conflict, equal to Vietnam, could blow up in the Horn of Africa unless some international moves were taken to halt it. The only way to deal with the present crisis was to get the whole issue into the open at the United Nations.

Mr. Christopher Price (Lab. Lewisham W.) accused Conservative MPs of showing a lack of realism when they argued that any Rhodesia settlement which did not involve the Patriotic Front would not last for long.

"The Foreign Secretary is right to do all he can to make sure that a Rhodesia settlement is backed by all the parties involved, and not just some of them," he declared.

Mr. Julian Amery (C., Pavilion) returned to the attack on Dr. Owen by alleging that he had moved away from the six principles insisted on by successive British Governments in favour of a policy of peace at any price. "Of course, we all want to see a cease-fire and peace, but not peace at any price or peace without justice."

Mr. Amery maintained that there must be no question of a settlement which led to the imposition of black minority rule, instead of white minority rule. He asked why Britain should choose to exaggerate the power of the Patriotic Front, when it was well-known that Rhodesia was not in any danger of a military collapse.

The real issue was whether Soviet Imperialism was to be allowed ot succeed in Africa—in Rhodesia, in South-West Africa, and in the Horn of Africa.

He believed that the apparent fear reflected in the attitude of Britain and the U.S. over Russian involvement in Africa stemmed from anxiety about reaction within the Labour Party in Britain and the Democratic Party in the U.S., if the West took a firm stand.

Because of this, contended Mr. Amery, there was a danger of a new "Yalta" in Africa, with the Russians being allowed to participate in agreements covering all the areas now the subject of dispute and, perhaps, eventually in a settlement in the Republic of South Africa itself.

Mr. Patrick Wall (C. Haltemprice) said that Russia wanted the complete and final victory of Communism on a world scale. The key would be cutting off all sea communications from the West.

He accepted there must be a transfer of power to the majority race in Rhodesia, but to non-Marxists. This was what the internal settlement talks were trying to achieve.

Replying to the debate, Mr. John Tomlinson, Foreign Office Under Secretary, stressed that in the Government's view the only way to attain an internationally acceptable solution to the Rhodesia problem was to "persevere with the Anglo-American proposals."

He flatly denied a report that Britain and other Western Governments were parties to a secret agreement to supply arms to Somalia. He also rejected suggestions that some arms which had reached Somalia were of NATO origin.

Mercury risk 'not significant'

CONSUMPTION OF the metallic reported to have been found in some Israeli oranges would not be a significant health hazard except in very large quantities, Mr. Roland Moyle, Health Minister of State said in a Commons written reply yesterday.

He added: "Only very small quantities of this have been found in any one orange." But it was clearly prudent to avoid consuming the chemical even in small quantities.

Labour bid to abolish 'tax haven'

By Philip Rawstorne

LABOUR moves to abolish the Channel Islands "tax haven" were announced last night.

The party's Organisation Committee is to send two Labour MPs to investigate the islands' tax system and consider reforms in the "feudal system" of the island's government.

Mr. Ron Hayward, the party's general secretary, said that he had been under pressure for the past five years from Labour supporters in the islands to stimulate moves for reform.

British taxpayers were shoudering an extra burden of £100m. a year because of the islands' tax haven. Channel Islands residents paid tax at the rate of 20p in the £ and the intake of new residents was restricted to 15 a year, with incomes of around £50,000.

The Committee yesterday considered a paper prepared by Transport House research staff setting out options for changes in the islands' tax system, including its full integration into the U.K. system.

Integration would not be possible, however, without the support of a majority in the islands, which is highly unlikely.

Labour officials suggest that the best action for a future Labour Government would be to legislate that any U.K. resident who subsequently moved to the Channel Islands would remain subject to U.K. income tax.

Move to recruit more to party

A LABOUR campaign to establish groups of party members in factories throughout the country is to be launched in the next few weeks.

The move is designed to recruit new members and stimulate activity among party supporters in preparation for the General Election.

Labour's Organisation Committee decided yesterday to call on all sections of the party to cooperate with local trade union branches.

Call for Tories to give PR election pledge

BY RUPERT CORNWELL, LOBBY STAFF

THE CONSERVATIVES are being urged to give an unequivocal commitment to proportional representation in the next party manifesto in the likely absence of any firm lead from a Speaker's Conference, the traditional forum for discussing constitutional change in Britain.

This is the central theme of a pamphlet issued yesterday by the party's electoral reform pressure group (CAER), which claims 31 Tory MPs among its members. Its enthusiasm is undimmed by the known hostility of Mrs. Thatcher to anything but the existing first-past-the-post method of election.

The Conservatives have fought the last two general elections pledged to set up a Speaker's Conference on the subject, and, in fact, renewed the promise as late as February, 1977. But, say the CAER, this will not be enough.

The group goes through the main arguments for change: Britain's poor economic record compared with its European partners, most of whom use PR; the unsatisfactory outcome of the two 1974 elections which gave Labour a Commons majority on the strength of only 28 per cent. of the electorate; and the value of PR in blunting threats of separatism and extremism.

The pamphlet directs its main complaint at the institution of the Speaker's Conference itself. "It has no independence, no real authority, and no constitutional status. It was founded on goodwill but has always foundered on party self-interest," it declares.

After a detailed scrutiny of previous conferences, and in particular, the five which have been held on electoral reform since 1916, the group concludes that the device is unlikely to initiate any substantial change.

The document argues that if a conference is to stand any chance of being other than "a farce and a sham" the MPs taking part should be chosen by the Speaker himself, sittings should be in public, and the Government should promise to back its conclusions.

Electoral reform would obviously need *full party consensus*. But the necessary momentum is unlikely to be generated without a decision in favour of the principle of PR by one of the two major parties beforehand. In the group's opinion, the Tories should give the lead.

The group believes that the Conservatives would gain by espousing the idea, which poll after poll has shown to have majority support among voters at large. The theory is that votes would be attracted from the Liberals, at present the only national party to endorse PR.

Like other pressure groups, CAER is not dogmatic about which of the several systems of proportional representation should be adopted. Its leaning is towards the Additional Member System, closely akin to the West German method, on the grounds that this would preserve the constituency/MP link which is one of the most valuable features of first-past-the-post.

Tory MPs involved with the group are rather more hard-headed about PR's prospects than some other devotees and give it, in general, no more than an even chance of introduction within the next 15 or so years.

But they agree that its cause would be best furthered if the next election produced another hung Parliament. This would be additional proof that the existing electoral system was out of date, now that Britain had moved into a multi-party era.

Paisley's bid for seats starts Unionist row

BY OUR BELFAST CORRESPONDENT

A MOVE by the Rev Ian Paisley to try to secure more seats for his party in the Commons has started a row between the Unionist parties in Ulster.

Mr. Harry West, leader of the Official Unionist Party, publicly refused Mr. Paisley's request to members of his Democratic Unionist Party to allow a clear run in the two Northern Ireland constituencies.

Mr. Paisley wanted Mr. Harold McCusker, the Official Unionist MP for Armagh, to stand aside and let a Democratic Unionist Party candidate fight the seat.

He also asked the Official Unionists not to put up a candidate in East Belfast, where Mr. William Craig, MP, is expected to stand for the party following the recent collapse of his own Vanguard Party.

Mr. West, whose party dropped its association with Mr. Paisley when the Unionist coalition fragmented last year, said the proposals were unacceptable. He would not interfere with his party's selection procedure.

Mr. Paisley also asked the smaller United Ulster Unionist Party to stand aside but it replied that there would be no "horse trading."

The two seats of Armagh and East Belfast, could be lost to minority parties in the next election if the Unionist vote is split, but so far, none of the parties seems prepared to back down. The latest row makes a contest between different Unionist groups inevitable.

Manpower target in army raised by 2,000

THE ARMY'S planned manpower level for next year has been raised by nearly 2,000 to deal with continuing emergency commitments, Mr. Fred Mulley, Defence Secretary, said yesterday.

The 164,400 figure, decided for 1979 in the 1974 defence review cut-back, was being increased to 166,300, Mr. Mulley said in a written Commons reply.

"These men will be retained to compensate for the effects of continuing emergency commitments, especially in Northern Ireland.

"This will make it possible to provide personnel to fill command and administrative posts in Northern Ireland without depleting the rest of the Army, and form an additional battalion which will take over a training role in Great Britain."

Tory vote ban 'possible'

THE chances of a future Conservative Government taking the vote away from Irish people living in Britain were described as a "possibility" by Dr. Garret FitzGerald (Irish Opposition leader) yesterday.

Commenting on week-end reports that a move to disfranchise the British-based Irish was being looked at by the Tories, the former Irish Foreign Affairs Minister said: "I heard rumours of it indirectly some months ago. It does not seem inconsistent with some of the attitudes of parts of the British Tory party."

Dr. FitzGerald, head of Ireland's Fine Gael party, said the view of those behind the idea could be "that the great majority of the Irish in Britain vote Labour.

"I do not know whether it will be seriously considered but I do not exclude it completely—it is a possibility."

Fair-minded British people would think it unacceptable that people who had lived in Britain all their lives and made their contribution to the community should suddenly be disfranchised.

Petrol prices assurance

THE GOVERNMENT will step in to control petrol prices, if necessary, if the tanker drivers' dispute leads to shortages, Mr. Anthony Wedgwood Benn, Energy Secretary, said in a Commons written reply yesterday.

He told MPs that close monitoring would continue. There had only been isolated reports of sharp price increases.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● DATA PROCESSING

Graphics with data

FOR THOSE needing mainly an alpha-numeric display unit in connection with general business computing but who would sometimes like to be able to display the information in graphic form, Tektronix has introduced the model 4025.

Microprocessor based, with local function abilities, the terminal contains, apart from the display electronics, a *communications interface for mainframe* connection and peripheral interfaces.

It allows the user to display the data as a graph, histogram or "pie" chart at the same time as the data itself; furthermore, both can be scrolled—a unique facility according to the company. The graphics area can be placed anywhere on the screen. In addition, graphs can be stored off screen and brought on when needed.

The terminal has complete form-filling ability and can also carry out a certain amount of *text editing including character*, word and line changes. Words can be underlined, reversed (black on green) or brightened up, and it is also possible to blink the field between any combination of these.

Up to 34 lines of 80 characters can be displayed on the 12-inch screen in raster format which with the use of P39 phosphor, has eliminated flicker at the expense of one or two seconds of *smearing when the data is* changed. A standard ASCII character set is provided.

The keyboard however, is *standard typewriter rather than* ASCII, making it familiar to typists and other non-computer staff. However, it is possible to *re-program* all the keys except the housekeeping ones for another character, or character string if desired—so that frequently repeated phrases do not have to be constantly re-typed.

Peripherals available include a line printer, hard-copy unit, cartridge tape and plotter-digitiser. The existing Tektronix graphics software allows connection to most mainframes.

More about the 4025, which is *also available with a lesser specification* as the 4024, from P.O. Box 69, Harpenden, Herts.

● TEXTILES

Speeds the production of jeans

JEANS ARE being made more efficiently and more quickly by two leading U.K. clothing companies through the use of technology first developed for the shoe industry.

This transfer of technology follows a demonstration held last year at the Clothing Institute's Hendon, London headquarters at which British United Shoe Machinery, one of the leading suppliers of footwear manufacturing machinery showed its thermo-cementing and folding machine, a manually controlled piece of equipment normally used for simultaneously cementing and folding the edges of shoe components.

The demonstration led to the installation of similar machines at Lee Cooper's jeans factory at Romford in Essex and at Slimma's jeans unit at Leek, Staffs, and in both cases they are now said to be performing well on the different types of material used in the clothing industry.

The *machine is being used in both cases to fold denim* patch pockets. Work is fed into the machine through a guide and folded over by ⅜ inches (10 mm.) while a controlled amount of thermo-plastic cement is applied to the interfaces of the folded margin, bonding them together. The folding width is variable.

The normal pocket creasing and attaching operation requires lengthy training and is regarded as one of the more unpopular operations in the factory, according to Lee Cooper, because of its complexity.

The new machine, the company claims, has completely simplified the subsequent sewing and attaching operation. Whereas training for the complete folding/stitching operation is around six months, it takes only two months to train for the new attaching operation.

A further major advantage of the machine, according to Lee Cooper, is that it can fold almost any shape of component without the use of expensive dies, and enables big savings in productivity to be achieved. Operators are now taking only three minutes on average to complete *ten pairs of pockets and the time* taken at attach the pockets to the garments has been reduced from an average of 15.55 minutes for ten pairs to 8.75 minutes. The machine is now folding 7,000 pockets per week, the total output from three of the factory's seven production lines.

In addition Lee Cooper has noticed a big improvement in the quality of the finished shape, especially on the outside radii of curves where the machine forms small, neat pleats. Other folding operations, including yokes and possibly hemming, are also being considered as possible applications for the machine.

British United's associate company, Bostik, has developed a special cement for the machine to use in the textile trade and this has stood up to exhaustive washing tests by Lee Cooper. Only one pound of cement is used for every 4,000 pockets.

Lee Cooper is expecting to recoup the capital outlay on the machine within two years at the outside, with additional savings also being achieved as a result of the elimination of the previous pre-taping operation. As well as coping with denim, the process has also been applied to other fabrics, including twills, *cottons and corduroys*.

A similar machine, installed at Slimma's jeans factory in Leek, has also been performing well, even on *crease-resistant* fabrics.

BUSM, P.O. Box 88, Belgrave Road, Leicester LE4 5BX. Clothing Institute, Albert Road, London NW4 2JS.

RHYS DAVID

● COMPONENTS

Valves are fire-safe

REDUCED-BORE class 150/300 ball valves which comply in all respects with — and in some respects exceed — the requirements of British Standards BS 5146 and BS 5351 and of OCMA (the Oil Companies Materials Association) are being introduced for the petroleum, chemical, gas, processing and allied industries by Weir-Pacific Valves of Queenslie, Glasgow.

Floating ball action allows the ball to seat perfectly with PTFE seat rings which are produced to a unique design specification to give reliable sealing at all line pressures, including low and zero levels.

The valves are fire-safe and under combustion conditions the seat rings become volatile and the ball moves positively under line pressure to form an effective metal-to-metal seal with the secondary seat ring.

Anti-static requirements of *BS 5351 are met* in full.

The valve stem is positioned in the gland housing from inside the valve body and cannot blow out under pressure. *As the primary stem seal is inside the* valve body and energised by line pressure the gland packing can be *replaced in an emergency* even when the valve is in use. The construction eliminates the need for a yoke and *considerably reduces the overall height* of the assembly.

Weir Group, Cathcart, Glasgow G44 4EX. 041 637 7111.

● COMMUNICATIONS

Improving the service

AN ORDER for 52 GEC 2050 processors and associated equipment has been placed by the Telecommunications Business of the Post Office. Largest single award to GEC Computers for this type of equipment, *it is valued at* about £8m.

The units are for use in Measurement and Analysis Centres (MAC's) which will provide Post Office field managers and operational staff with information on the in-service performance of exchange switching plant and the public telephone *network*. All of the 61 telephone areas in the U.K. are to be equipped over a period of about four years. Ten GEC machines were ordered at an earlier stage.

Each MAC will have equipment which will inject artificial test calls into the telephone network, following actual patterns of live traffic in terms of *distribution throughout the working* day.

The test calls will terminate at remote test numbers in *exchanges—some* local, some far distant. Successful detection of a special ringing tone will register the call as connected. Failure to connect will cause the call to be logged as failed and information relating to the failure will be captured for subsequent analysis.

A proportion of the successfully connected calls will be further tested for returned-tone *audio level, thus* enabling poor fidelity lines on which conversation would be difficult, to be included in the failure reports.

Limited test calling and service monitoring is currently performed and the results processed off-line. The new on-line system will provide information far more *rapidly to local operational and* engineering staff who may use it as a diagnostic aid in detecting *faulty equipment* and congestion within the network. Comprehensive performance statements will also be passed to area and regional management who require statistical information on the service provided.

The P.O. system is thus much more complex than that being installed in certain areas of the U.S., *based on Teradyne monitoring* units which rapidly page numbers in an exchange area overnight, logging defective apparatus and producing instructions to maintenance teams so that they can correct faults before the start of business.

Further from GEC on 01-953 2030.

● PROCESSING

Corrugated cardboard printing

FIRST BRITISH trade shop to provide Du Pont "Cyrel" flexo-printing plates for the corrugated print market is Bristol Formes and Stereos, Mivart Street, Easton, Bristol B55 6JF (0272 559310).

Standard Cyrel processing equipment is handling stereo plates up to 0.155 inch thick to a maximum of 18 x 30 inches. Cyrel is used where a thick relief depth, say 0.90 inch is required. *The company says it is selected* in preference to the conventional hand-engraved rubber stereos for complicated designs (high engraving skill is not required) and because it is cheaper.

Unlike rubber stereos, the plates cannot shrink, making colour register perfect. Depending on press requirements, a stereo can be made up from a 35 Shore A rubber backing (85 thou.) with adhesive (10 thou.) and a Cyrel plate (155 thou.) giving an overall thickness of 250 thou. (¼ inch). Printing life of the plate is claimed to be four times longer than *conventional* stereos.

Processing equipment consists of a cold-light exposure unit, washout processor, drying cabinet and *finishing* cabinet (to remove tackiness from finished stereos).

Wide exposure latitude allows production of very fine lines, *while holding relief depths* in reverse type. It is claimed that mounting is easy, and the plate is compatible with ultraviolet inks and washup solutions.

Details of these photopolymer plates are available from Du Pont (U.K.), Hawksedon Road, St. Neots, Huntingdon, Cambs., PE19 1QS (0480 75341).

● TRANSPORT

Electric drives progress

BY THE mid-eighties, fully developed drive systems based on sodium-sulphur batteries should be competitive with petrol-driven internal combustion engines for lightweight trucks.

This is the opinion of a development team at Brown Boveri, Baden, working on high perform*ance sodium-sulphur cells, which* reports that results so far are promising.

On present showing these cells should be able to store five times as much electrical energy per pound weight of battery as lead acid cells, and three times as much per cubic foot.

The units appear to be designed on the same general principles as the sodium-sulphur cells now under joint develop*ment by the Electricity Council* and Chloride Silent Power, using solid aluminium oxide electrolyte between liquid sulphur and liquid sodium electrodes.

This is in contrast with the conventional lead acid cell configuration in which liquid sulphuric acid electrolyte is the medium between lead and lead dioxide electrodes.

The secret of the Brown Boveri cell is said to be in the *solid electrolyte, an eight-inch* tube of aluminium oxide sintered from powder by the team's own technique. *Brown Boveri's* research laboratories claim that the production process guarantees an adequate service life and that *rechargeability is made* complete by means of sulphur additives. The company goes on to say that, at the present rate of progress, the *new cells could well have reached the stage of* mass production in five years' time, and asks, rhetorically, whether batteries such as these will be driving to-morrow's cars.

Electric vehicles appear to be Brown Boveri's prime target but large-scale electrical energy storage is also in view, for evening-out the uneconomic peaks and troughs in power generation.

Besides the favourable power-to-weight and power-to-space *ratings that they offer*, sodium sulphur batteries would have the advantage over lead acid that their active materials—sodium and sulphur—are in plentiful supply while lead is growing scarce and expensive. Doubts about the safety of 800°C vessels *of molten sodium and sulphur* on board vehicles are deflected by references to the potential petrol bombs that motorists and their passengers already accept.

British Brown Boveri, Glen House, Stag Place, London SW1E 5AH.

Development of an idea

ALL THE recognised systems of making textiles—including non-*wovens—have existed for generations* and it is hard to imagine that anything *else is left to* invent. But in 1948, watching his wife darning socks, Ing. Mauersberger of East Germany thought it might be possible to sew yarns and fibres together. Out of that basic idea emerged the Mali processes and—in Czechoslovakia—Arachne.

To-day, large volumes of simple cloths are made by these systems in Eastern Europe but because they are not very sophisticated they have had only partial acceptance in the West. In 1969 the first large-scale installation of Maliwatt machines *was installed at* Cosmopolitan Textile Co. (Road 5, Industrial Estate, Winsford, Cheshire. Tel. 060 65 51151.). This was a *project headed by* Mr. Arno Wildeman, but even at that stage, while he had confidence in the process, he could see limitations that would prevent its use in the West.

His system consists of stitching together a web of fibres laid across a bed of needles that are *closely spaced and produce long* lines of chain stitches.

One of the problems with this early Maliwatt fabric was that *it tended to disintegrate during* laundering, but despite this the feeling at Cosmopolitan was that *a good product could be made* that would give adequate performance.

The first idea to fight this problem was to use a longer length of fibre.

So a web was produced from 100mm. staple instead of the 40mm., with an immediate improvement in fabric properties.

The other disadvantage of these cloths was that there was a tendency for the chain stitches to pull out and for the cloth to lose its physical properties and eventually fail.

A length of the long fibre material was sent from East Germany for finishing trials and to facilitate cutting it into two equal halves a member of the *company was told to pull out the* middle stitching thread. This proved, at certain stages to be more difficult than expected, *although some pulled away with*out resistance. Examining the cloth it was noted that where snagging occurred fibre loops had been formed with the stitching threads. From this it was reasoned that if this could be made to happen regularly, the cloth would have the physical properties required. In other systems *developed in the East*, fibre knitting had been proved possible.

The East Germans were not *very enthusiastic so it* was left to the Winsford company to develop the process on its own and, as a result, two patents have now been granted for what is known as "stitch-lock." These are BP 1,268,630 and BP 1,316,013. Since about April 1969 all fabrics made by Cosmopolitan have been made in this way except for certain specialised cloths.

Recently the first patent was confirmed in the Patents Appeal Tribunal and this could well have an effect on the trade for some years to come as there are now a number of companies making this type of fabric for end-uses like curtains, bed-spreads, mattress tickings and *other household textiles*. Superficially the cloths with or without stitch-lock look the same as this is a feature of the pro*cess, and it does not alter the* handle of the cloth.

The problem that now remains is that cloths made without the stitch-lock could well be used for applications where they might be unsuitable and which might well lead to complaints and the return of merchandise.

● INSTRUMENTS

Structure of steel

HIGH-SPEED automatic inclusion and grain size classification *for routine assessment of steel is* provided by the Quantimet 360 Mark 2 image analyser which can measure non-metallic inclusions in steel 50 times faster than the fastest conventional image analysis system.

In less than one minute it will present an analysis based on more than 30 separate measurements on 500 image fields.

This high throughput of information is ideal for routine batch release testing of many kinds of steel, as well as for collecting research data. Very fast operating speed is important for assessing non-metallic *inclusions*. This is because they are not uniformly distributed, and very large numbers of image fields *must be measured to get meaningful data*.

The Mark 2 produces a complete statistical description of *the inclusion population in terms* of average values, standard deviation, most frequently occurring fields, worst fields, etc. A complete distribution of all field values is generated, together with the length distributions in 32 size classes for oxide and sulphide inclusions. The instru*ment can store—immediately* and permanently—all selected data for retrieval at will, to *generate general statistical summaries* or trends for large numbers of samples evaluated over long periods of time.

Shows range of noise

MADE BY RION in Japan and available in this country from Computer Engineering is a port*able noise analyser* intended for measuring the frequency distribution of noise on site.

A crt display shows the level in up to 25 frequency bands and each can be read off directly in dB normalised to a pre-set calibrated reference. The 25 levels *show as vertical* bars on the screen.

In this way the entire noise spectrum of a source can be *seen at a glance* and it can be seen immediately which band or bands of frequencies is responsible for the noise problem. The *effect of any steps taken* to reduce the noise can be seen at once.

An "instant hold" button *freezes the display* when it is required to look at the pattern in detail and a single shot of impulsive noise can be similarly held.

Called the SA24, the instrument can operate from internal re-chargeable batteries, an external 12 volt source or from the mains. Outputs are provided for a high speed recorder.

More from Wallace Way, Hitchin, Herts. (0462 52731).

NOTICE OF REDEMPTION

To the Holders of

AUSTRALIAN RESOURCES DEVELOPMENT BANK LIMITED

9½% Deposit Notes Due 1983

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Notes of the above-described Issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected for redemption on March 1, 1978 at the principal amount thereof, together with accrued interest to said date, through operation of the Sinking Fund U.S. $1,200,000 principal amount of said Notes bearing the following numbers:

NOTES OF U.S. $1,000 EACH

13	1983	3989	5308	8134	9948	11092	13651	15057	17124	18936	20257	21503	22840	24517	26533	28370
61	2020	4062	5987	8156	10019	11693	13659	15065	17186	18937	20274	21525	22845	24531	26585	28383
105	2027	4075	5989	8168	10046	11704	13728	15140	17197	18952	20287	21561	22903	24572	26604	28440
111	2063	4092	6044	8187	10085	11751	13733	15178	17204	18953	20294	21565	22910	24596	26606	28446
114	2116	4120	6058	8150	10121	11788	13737	15187	17228	18978	20309	21605	22919	24615	26613	28466
115	2134	4145	6075	8252	10145	11794	13757	15248	17241	19011	20336	21609	22939	24641	26637	28472
139	2206	4203	6157	8254	10166	11803	13786	15259	17264	19018	20360	21639	22945	24659	26656	28482
173	2212	4215	6169	8262	10169	11822	13791	15328	17307	19076	20382	21674	22990	24677	26657	28516
198	2236	4252	6194	8288	10193	11828	13831	15359	17370	19093	20392	21692	23000	24689	26659	28531
248	2239	4291	6195	8297	10207	11851	13880	15413	17371	19124	20402	21704	23020	24715	26681	28562
279	2283	4308	6202	8328	10233	11893	13893	15434	17374	19134	20431	21713	23083	24743	26702	28590
289	2300	4329	6246	8339	10272	11901	13961	15436	17430	19184	20447	21732	23085	24776	26715	28620
297	2346	4365	6298	8383	10280	11974	13973	15521	17453	19191	20464	21748	23092	24809	26752	28685
308	2370	4406	6337	8435	10306	11990	13995	15534	17465	19201	20476	21798	23102	24825	26774	28694
310	2400	4413	6375	8437	10387	11993	14017	15539	17518	19216	20497	21825	23105	24849	26805	28706
357	2428	4451	6431	8441	10369	12031	14023	15580	17548	19220	20507	21827	23122	24875	26833	28732
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1447	3626	5687	7684	9468	11341	13278	14769	16791	18661	20051	21251	22621	24219	26207	28016	29897
1479	3635	5690	7709	9504	11344	13315	14793	16844	18666	20074	21254	22625	24253	26227	28063	29914
1526	3685	5726	7776	9551	11378	13321	14794	16855	18690	20086	21283	22640	24307	26256	28091	29917
1547	3708	5789	7819	9579	11390	13338	14807	16856	18695	20104	21289	22661	24329	26290	28115	29919
1551	3734	5803	7850	9605	11419	13347	14843	16898	18744	20113	21351	22669	24373	26301	28119	29933
1625	3746	5816	7898	9649	11425	13362	14846	16915	18771	20114	21360	22678	24378	[illegible]	28173	29942
1642	3764	5819	7908	9657	11481	13387	14864	16922	18793	20133	21361	22681	24393	26347	28182	29996
1678	3792	5838	7934	9722	11487	13399	14893	16959	18795	20135	21384	22697	24396	26387	28201	
1685	3853	5855	7960	9744	11490	13438	14913	16966	18805	20140	21415	22730	24403	26395	28246	
1755	3867	5884	7988	9824	11525	13473	14921	16988	18837	20172	21432	22754	24415	26440	28267	
1758	3877	5893	8006	9849	11580	13523	14982	17004	18853	20204	21447	22771	24416	[illegible]	[illegible]	
1827	3917	5964	8035	9918	11584	13527	15021	17062	18855	20218	21454	22785	24435	26473	28310	
1832	3922	5971	8037	9941	11602	13561	15049	17084	18880	20247	21459	22793	24437	26496	28343	
1919	3988	5973	8101	9945	11641	13627	15053	17097	18918	20249	21499	22894	24453	[illegible]	[illegible]	

On March 1, 1978, the Notes designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Notes will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the **corporate trust office of Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, New York 10015,** or (b) at the main offices of Morgan Guaranty *Trust Company of New York in London*, or Commerzbank Aktiengesellschaft in Frankfurt (Main), or Credit Lyonnais in Paris, or Kredietbank S.A. Luxembourgeoise in Luxembourg, or Societe Generale de Banque S.A. in Brussels, or Swiss Bank Corporation in Basel or Union Bank of Switzerland in Zurich. Coupons due March 1, 1978 should be detached and collected in the usual manner. Payments at the offices referred to in (b) above will be made by check drawn on a dollar account, or by a transfer to a dollar account maintained by the payee, with a New York City bank.

On and after March 1, 1978 interest shall cease to accrue on the Notes herein designated for redemption.

Following the aforesaid redemption, $26,400,000 principal amount of the Notes will remain outstanding.

AUSTRALIAN RESOURCES DEVELOPMENT BANK LIMITED

January 26, 1978

NOTICE

The following Notes previously called for redemption have not as yet been presented for payment:

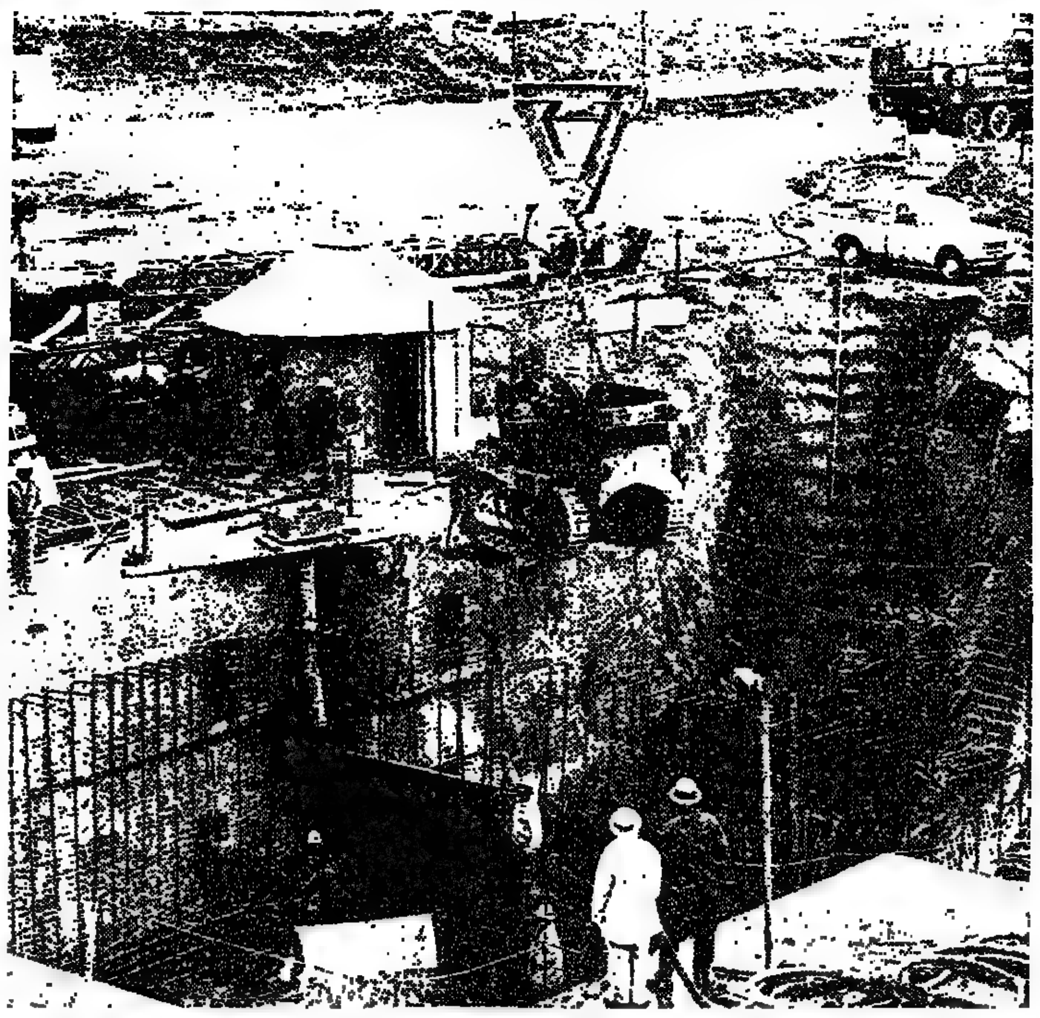
NOTES OF U.S. $1,000 EACH

157	[illegible]	280	317	977	1037	1142	1230	2507	5637	22872	22962	23042
178	233	304	327	989	1046	1163	1231	4677	6661	22892	22994	23054
179	236	315	340	1013	1061	[illegible]	1236	4678	[illegible]	22925	23010	23109
210	245	316	958	1034	1119	1216	1239	5425	[illegible]	22950	23036	23117

The Management Page

EDITED BY CHRISTOPHER LORENZ

Mineral exploration: pay now and hope to collect later



Mining exploration can be a risky business. Some estimates show that in the last ten years exploration expenditures have increased tenfold, while the rate of discovery has only doubled. **Paul Cheeseright** explains why companies are rarely as systematic or as consistent with their exploration as the major oil companies.

OFTEN mineral exploration is written off as being more of an art than a science. Certainly there is an element of luck, or geologist's intuition, in settling on an area which might reveal not only a deposit of ore (known as an orebody) but one liable to profitable exploitation. But the techniques used for prospecting and exploration demand a high degree of precision.

Geology is basic to the exercise of course. Metallurgy is vital. Scientific expertise has to be meshed with engineering skills, strict financial management and marketing flair. A successful exploration results from the coalescence of these disciplines.

If the idea of art rather than science has gained currency it is largely because of the haphazard approach of the industry to the general question of searching out industrial raw materials. Mining executives concede that exploration spending is erratic, both in quantity and direction.

The problem is basically that of matching assumed long term needs with short term preoccupations. Funds for exploration, as opposed to those for production facilities, are generally at the mercy of a company's cash flow.

Cyclical

But mining is a highly cyclical industry, as the current plight of base metals groups, now in a trough, testifies. The prosperous times lead to a splurge of exploration activity. Cutbacks take place in the lean times.

Mining companies are, in any case, rarely as systematic or as consistent with their exploration as the major oil groups, who regularly budget some 10 per cent. of revenues to seek new supplies. They infrequently spend as much as five per cent. of revenues on exploration. More often the spending does not reach one per cent.

Probably this is inevitable. "From the first discovery of mineralisation, right through to the proving of the ore, to the full production of metal or concentrate, there may be a time lag of generally eight to 10 years and sometimes even longer. At present it is impossible to predict the economic state of the world in two or three years time, let alone make forecasts 10 years ahead," states Mr. Bob Rice, the chief geologist at Riofinex, the exploration arm of Rio Tinto-Zinc Corporation.

Exploration, then, is the venturing of risk capital with the hope of catching the market on an upturn in the distant future. And the risks are increasing. Not only are costs growing, but, Mr. D. C. Millenbruch, vice-president of Union Carbide Exploration, told the American Mining Congress last September, "The number of deposits left to be discovered is continually diminishing.

"Our probabilities constantly become poorer," he says. "Some estimates show that, in the last ten years, exploration expenditures have increased tenfold, while the rate of discovery has only doubled."

The technical process through which companies attempt to come to terms with these hazards is well-established, although subject to innumerable variations. No one exploration venture is exactly the same as another. Take a theoretical venture where a company starts from scratch, then the process falls into a number of distinct phases.

The first phase is a rough geological, economic and political scan. Documentation on the geology of a particular area will be drawn together and assessed. An economic profile the country involved will be drawn and if the area is outside the favoured mining regions, an assessment will be made of political stability and known attitudes to minerals ventures.

The object at this stage is to establish the likelihood that an orebody may exist, and to this end aerial surveys may be commissioned and satellite photography bought. One or two geologists may be sent to the area. Essentially the effort remains low key.

Geophysics

During the second phase the scientific work becomes more intense. Geophysical and geochemical work will be carried out to reveal the changes in rock conditions which could indicate a deposit. Some preliminary drilling may take place, thus turning the rough scan of the first phase into a reconnaissance.

If, so far, all the pieces have fitted together, the third phase will involve the drilling of the prospect in an attempt to gain rough ideas about the size and the nature of the orebody. While the main thrust of activity hitherto has been geological, other disciplines now come into play to a greater extent.

Preliminary metallurgical testing of orebody samples will seek to isolate potential difficulties. Elementary engineering studies on the nature of a possible mine and plant will start. Financial experts will start weighing the pros and cons of an operation on one scale as against another: they will be asking themselves about cost effectiveness. Marketing specialists will consider where the product might fit into the market. But all those involved have only been considering a prospect.

If a company moves on to a fourth phase, the prospect has become a project. Detailed drilling will define the orebody and indicate whether it is a commercial discovery. The metallurgical, engineering, financial and marketing work will gather momentum. It is possible the ore will be processed through an especially built pilot plant.

A feasibility study will bring together all the different disciplines and decide whether the balance tilts in favour of a potentially successful mine. Sometimes an independent consultant will be brought in to give a second opinion.

The fifth and last phase involves the decision to move to production. The independent report will frequently be used as support for the viability of the project in the attempt to arrange finance for development, because while the company itself will have usually financed the exploration to this point, it will often go outside for the much larger sums involved in the construction of facilities.

All of these five phases have involved a narrowing down of risks. At Riofinex the chances of a profitable mine are put at 5,000-1 against when a concession on land is taken up. After the geochemical work has been done the odds have narrowed to 1,000-1. After preliminary drilling they come down to 30 or 20-1. At the project stage of detailed drilling they are 4-1.

While few companies are likely to quarrel with this sort of odds, the ways in which they seek to diminish them varies greatly. Partly this is a question of company structure.

Riofinex is the main exploration company for RTZ Corporation, but will hand a venture over to the main board when it reaches the project stage. In the U.S., Union Carbide Exploration will involve the main board only when a decision is needed to go ahead to production, but will have been financed at the project stage by the group's metals division. The London house, Selection Trust, relies on its foreign subsidiaries for the exploration work, giving them autonomy but controlling them through budgetary decisions.

Of these three groups, Union Carbide stands out because it has adopted a highly stylised procedure of handling its ventures. The process has been split into four stages, which involve in effect a series of increasingly thorough feasibility reports. "This procedure must be triggered or initiated by the explorationist," says Mr. Millenbruch.

Review meetings between the groups and individuals working on different aspects of the venture are held after each stage has been completed. These meetings act as the focal points for making one of four possible decisions: stop the exploration, hold the property being worked as a resource, continue exploration work in the normal fashion, or, finally, accelerate the effort.

Union Carbide is a wide and diversified group and the sales of its metals division are larger than Selection Trust's total turnover, although smaller than RTZ's. Mr. Millenbruch sees the formalisation of the procedure not only as a means of speeding up the exploration process by defining who is going to do what work within what period but as acting as a communications tool within the group. The meetings also alert senior management to the extent of budgetary demands which might be made.

In most groups, however, and this is true of RTZ and Selection Trust, the approach, especially in the early stages is more informal. It becomes more structured around the third phase of what is still a theoretical exercise. Until that point decisions on a project are being made within middle management and by the technical experts.

At Selection Trust, for example, the subsidiary companies make their own decisions within the framework of a budget which has been decided with the parent in the autumn of the year preceding that during which the work is taking place. It is when drilling on any scale is involved that the autonomy is reduced.

The movement to a drilling programme is the decisive point in many exploration ventures. If Riofinex management decides that a programme is necessary then it will go to the Riofinex board for extra funds. In the same way a Selection Trust subsidiary is likely to ask the parent for more cash.

The sums change significantly at the drilling stage, because a group then has to start thinking in terms of millions rather than thousands. It is therefore likely that if the first half a dozen holes do not substantiate the hopes raised by initial work the idea may be abandoned. Selection Trust calculates that diamond drilling costs range between £5 and £15 a foot. A large orebody may require the drilling of at least 100 holes and each of those could be several hundred feet deep.

The involvement of the board in the provision of cash lifts the level of decision-making. Experts and middle management can make decisions about possibilities, but the realm of probabilities belongs to the board.

The longer a venture continues, the greater the degree of financial commitment which has been made, the harder it is for a company suddenly to withdraw. For example, if Selection Trust took the unlikely decision to stop a major investigation, already well-advanced, there would be serious repercussions within the group.

But the successful conclusion of the exploration presupposes that all the elements—geological, metallurgical, engineering, financial and marketing—fit together. An orebody is of no use if the ore cannot be processed, or engineers cannot construct an efficient mine.

"Any one element out of place could stymie the project," Riofinex points out. "We do not deal in hopes." In the initial stages of a venture the first considerations are geological, then engineering factors become of increasing importance and later metallurgical. The timescale of the scientific work means that finance and marketing assume significance for decisions only towards the later stage of a venture.

All the practical decisions, however, are welded to the philosophy of exploration adopted by a company. Some large groups do little original work, but prefer to buy into existing prospects, often found by small companies and individuals. But all demand security of tenure and a stable financial regime within which to work. This leads to sharp differences of attitude.

As a firm point of policy, Selection Trust confines its activities to the developed western world. Riofinex, on the other hand, will spread its net wider, but it will not work, say, in Indonesia, without having leases, royalties and taxes spelt out in a written agreement.

Business books

Executive Stress—Strategies for Survival, by Donald Norfolk. Associated Business Programmes, price £5.95. This traces the origins of stress in a manager's life and sets out recommendations for the control of stress, thus leading to a more effective and productive work life.

Companies Limited by Guarantee and Unlimited Companies. Oyez Practice Notes No. 28, by Leonard Berkowitz and G. D. M. Cockain. Oyez Publishing, £3.50. A guide to the rules and regulations relating to the formation, registration and administration of these types of company.

Essays in British Business History, edited for the Economic History Society by Barry Supple. Clarendon Press, Oxford, £7.50 and £4.50 (paper cover). A book which is devoted primarily to case studies of business organisation and behaviour.

Key to Capital Gains Tax, by K. R. Tingley. Taxation Publishing Company, £5.25. This forms one of a Taxation Master Key Series and provides a detailed guide to capital gains tax under such general headings as: alternative charge to tax; exclusion to double charge; chargeable gains; allowable losses; valuation of assets and partnerships.

Machine Takeover, by Frank George. Pergamon Press, £7.25 and £3.50 (soft cover). A theoretical treatise which looks at the dangers of what the author identifies as "information pollution," resulting from the vast data banks on people's health, tax status, incomes, debts and crimes and other personal information.

LOMBARD

A question of definition

BY ERIC SHORT

SUN ALLIANCE and London Insurance is all set for a confrontation with the Government over its latest pay settlement with employees. And like many major quarrels, it appears to the bystander to have escalated out of all proportion. The Government has told the company that its proposals to put the staff pension scheme on a non-contributory basis, as part of the settlement, does not count as a pension scheme improvement on which restrictions have been removed. The company claims that its action is entirely allowable under stated Government policy.

Final sentence

Thus the cause of the dispute is clear cut, and it would seem that all that is needed to resolve the impasse is to look at the Government's pay guidelines. But the White Paper setting out the guidelines relegates the subject to virtually the final sentence and simply states that pension improvements are free from restrictions.

Both Government spokesman and Sun Alliance base their respective stances on the same statement, that made by Mr. Stanley Orme, Minister of State for Social Security, on July 18 of last year. There is no other Government pronouncement. Mr. Orme was asked if Mr. David Ennals, Secretary of State for Social Services, would make a statement about improvements to occupational pension schemes from August 1, 1977 (when phase 2 ended). Mr. Orme's written reply was:—

"My right hon. Friend the Chancellor of the Exchequer announced . . . that improvements to occupational pension schemes will, after 31st July, 1977, be freed from the pay policy limitations which have applied in the current year. I can confirm that this means that such improvements, whether in respect of pension age or any other type of provision, will be open to negotiation after that date."

To laymen, the action of paying less now for the same pension benefits sometime in the future is even more of an improvement than paying the same now for better benefits later. Many pension fund managers have found that trade unions will spend far longer discussing keeping contribution rates down than in boosting benefit levels. Yet only last Friday Mr. Robert Sheldon, Minister of State at the Treasury, was reaffirming the Government stance on this point.

In reply to a complaint from Mr. Michael Latham over the Government's attitude to Sun Alliance, Mr. Sheldon boldly referred to Mr. Orme's statement as making it clear that the relaxation in respect of occupational pension schemes related to improvement in pension provision. He then went on to assert that the device of suspending contributions to a scheme to provide additional increases in net earnings was not an improvement in pension provision. Mr. Sheldon should try telling that to the employees of Sun Alliance and see whether they understand his logic.

Still this is the first public pronouncement from a Government minister that at least the intention has been that improvements in schemes should apply only to raising benefits, not cutting contributions. The Department of Employment has, from the outset, insisted on this interpretation. The whole purpose of the guidelines is to contain inflation by limiting pay increases and certainly the action proposed by Sun Alliance will boost take-home pay of employees above the 10 per cent. limit.

Therefore, it was certainly the intention of the Government only to apply this freedom to improved benefits, but did it really say so? The ultimate decision must rest with the courts and it is not for a DoE official acting like Humpty Dumpty in Through the Looking-Glass or anyone else to say otherwise.

Occupational pension schemes are set up under a trust. The trust deed will set out all the details relating to that trust, including listing the benefits provided by the scheme and the contributions to be paid by the members and by the company. It would seem that changing the contributions paid by the member is as much an improvement as paying higher benefits.

Not blameless

But, the pensions industry has not been entirely blameless in the misuse of words in this respect. Ever since phase 1 was introduced, it has been particularly vocal in calling for improvements in pension schemes to be free of restrictions and the pension consultants and life companies have shouted the loudest. But what they wanted, naturally, was that there should be no restriction in benefit levels. Even so, one would have thought that the officials in spelling out policy, would have taken care to make the distinction between benefits and contributions. Sun Alliance may well have justification, legal if not moral, for its protestations that it has acted within the guidelines.

FILM AND VIDEO — BY JOHN CHITTOCK

Multi-screen messages

FOR THOSE seeking audio-visual support in the continuing debate on nuclear power, a tape/slide set has just become available on the subject. Published by Diana Wyllie, it typifies the range of material now available on slides—illustrative back-up for the lecturer with a complex story to tell. For educational purposes, and as a supplier of information, the slide has become an established medium alongside film, television and printed documentation. All of these media have one snag, however: they demand an attentive audience, if not a committed one.

The solution of the 1970s has been the multi-screen presentation, a dynamic show-business technique that has rapidly become established as an accepted tool for commercial and promotional purposes. It uses slides, but in a configuration and with a result that can almost reach the heights of a new art form. In a typical presentation, half-a-dozen or more screens are arrayed in front of the audience. Each screen has its own pair of hidden slide projectors, and the complete battery of projectors is automatically controlled by an electronic unit.

Exhilarating

The key to this control is provided by an audio-tape which carries not only an accompanying stereophonic sound track but also the electronic signals which cue-in the changeover of slides. In a complex programme, slides on the mosaic of screens may be changing at a breathtaking pace—even simulating animation: and changes may be accomplished by rapid cuts or slow dissolves. In creative hands, the result can be exhilarating, engulfing, and at times even beautiful.

One of the pioneers of this technology is a British company in Woolwich, Electrosonic, which has grown from a £20,000 turnover in its first year in 1964 to nearly £3m. now. Electrosonic engineers and manufactures the control equipment, and few would deny that it is now the world leader in this part of the business—bringing to the country a 67 per cent. export record and, almost incidentally, a phenomenal sales boost for Kodak's Carousel projector which is used in installations. With some set-ups using over 50 screens and 100 projectors, equipment sales of £100,000 are not unknown.

Electrosonic has recently put its money where its heart is by sponsoring a multi-screen programme about multi-screen programmes. In spite of the known hazards of doctors being bad patients, the result is outstandingly good and an enormous credit to the film company that produced it. With the title Grabbitts Gear, it takes the once-upon-a-time approach to tell the story of a company which always had problems in showing people round the works (even, it goes on to say, losing some prospective customers never to be seen again; although one turns up later in a broom cupboard).

The programme makes the point which some companies, such as Guinness, have already accepted: a permanent multi-screen installation with suitable programme can save time for both visitors and executives and it probably makes the "tour" more effective and impressive anyway.

This particular programme demonstrates for me the real creativity that this strange medium can achieve. It almost defies the printed word, particularly a sequence of a clown in a park who animates across the different screens, tumbling and gyrating to become a mere cipher in a grander graphic design—all as a balletic accompaniment to entrancing music.

It underlines my belief that, although this medium is based on still photography, some of its best practitioners are film-makers. The Electrosonic programme was made by World Wide Pictures, whose conventional films have often been praised in this column. Another leader in the field is Viscom, also a much respected film company and the producer of the multi-screen programme at last year's British Genius exhibition.

Even when meeting another leading talent, Malcolm Lewis, whose reputation is based on multi-screen, it came as no surprise to find that he was a film-school graduate. Lewis's company, Media, produced for Taylor Woodrow another tour-round-the-works type of programme, this one for visitors to a development project at St. Katherine' Dock.

Whether informing or selling, the attraction of multi-screen is its audience appeal. At exhibitions or even as a travelling road show, it has the capacity of drawing in the crowds. Sony started a multi-screen road show in the U.K. in 1976 and uses the programme as part of a demonstration of stereophonic and quadraphonic hi-fi equipment. The company which handles the multi-screen presentations—Roundel Production—reckons audiences of 300 to 500 are not uncommon at these evening performances.

Roundel is pushing the multi-screen concept to ever new boundaries by producing programmes that can be used around live presentations by well-known personalities. An example of this, used by companies such as IBM at large employee conferences, is a presentation by Chris Bonnington: the subject, of course, is Mount Everest and the leit-motif "achievement." The latest personality Roundel is using, with slides photographed by her, is Gina Lollobrigida.

Multi-screen reaches its zenith as a tourist attraction. The recently opened London Experience near Piccadilly Circus is just one of many in cities around the world—New York, Taiwan, San Francisco, Sydney, and one opening soon in Edinburgh. The London operation, run by EMI, tells its story in 50 minutes in a predictable but nostalgically enjoyable style: the plague, the Great Fire, royalty, restaurants, the Blitz, the City, even Jack the Ripper. Extra effects within the auditorium are added, such as film studio fog, explosion flashes and flickering flames.

Inadequate

Ironically, the London Experience was produced by an American company although its best elements are British, namely the photography by Brian Seed and a superlative sound track by EMISON. At times, motion picture film is also intermixed, but the quality of this with 16mm. anamorphic stretching is hopelessly inadequate alongside the slides.

In spite of its connotations of kitsch, the London Experience is an enjoyable and informative way of spending an hour, and a group of foreign visitors I questioned were delighted with it. But British multi-screen producers are excelling themselves and if a second programme is ever produced it would make sense (as well as remove the irony) to put it wholly into British creative hands.

APPOINTMENTS

Sir Reay Geddes deputy chairman at Midland

Sir Reay Geddes has been elected a deputy chairman of MIDLAND BANK. Sir David Barran continues in his present capacity as a deputy chairman.

★

Mr. Samuel F. L. Lyne has been appointed director general of the INSTITUTE OF THE MOTOR INDUSTRY from March. He succeeds Mr. Eric Tipper who retired at the beginning of the year.

★

Mr. Geoffrey Hough has become sales director on the Board of VACU-BLAST, a subsidiary of Allied Polymer Group. He joins the company from Alpine Holdings.

★

Mr. F. E. Eyre has been appointed an executive member of the SOUTHERN ELECTRICITY BOARD for three years from March 4. He will combine his new position with that of his present post as the Board's chief engineer.

★

Mr. Graham Carlton Greene has been appointed a trustee of the BRITISH MUSEUM, succeeding Lord Boyd of Merton, who retired last year. Mr. Greene is managing director of Jonathan Cape.

★

Mr. J. H. Creaton, investment manager of the EQUITY AND LAW LIFE ASSURANCE SOCIETY responsible for property investment, retires on February 28. Mr. J. P. Smith will then become the society's sole investment manager in charge of all investments including property. Mr. R. A. D. Booth, assistant investment manager, will take control of the property department.

★

Mr. A. J. Gordon has been appointed to the Board of GLANVILL ENTHOVEN AND CO. (REINSURANCES), a subsidiary of Glanvill Enthoven.

Mr. Nigel Vinson, who has been appointed a member of the Development Commission, is not chairman of PLASTIC COATINGS as reported on January 27. Mr. Vinson sold his interests in that company and its chairman is Mr. D. E. K. Elliott.

★

C. T. BOWRING AND CO states that Mr. K. Batchelor has been appointed a deputy chairman of C. T. Bowring (Insurance) Holdings and chairman of C. T. Bowring and Co. (Insurance). At C. T. Bowring and Co. (Insurance) Ltd., Mr. G. K. Moore and Mr. B. G. Wickham have become directors and Mr. M. R. Haynes, Mr. J. J. Paul, Mr. A. A. M. Pinsent, Mr. P. J. C. Viccars, Mr. A. Douglas and Mr. J. F. S. Hyde, divisional directors. Mr. W. H. Batchelor, Mr. K. D. Bullock, Mr. R. A. Mackie and Mr. P. C. Price have been made directors of C. T. Bowring (U.K.).

★

Mr. Roger Errington, chairman of Crossling-Potter Cowan and Co., has been appointed to the Board of J. T. PARRISH.

★

Mr. Daniel P. Solon has been appointed senior vice president of IU EUROPE in London.

★

Mr. K. L. F. Roberts has been appointed technical director and Mr. R. E. Gulle, director and secretary, of WADE ENGINEERING.

★

Mr. D. E. Longe, chairman of the Norwich Union Insurance Group, has been appointed as member of the BRITISH RAIL PROPERTY BOARD.

★

Mr. Bob Gentles has been appointed to the new post of agricultural manager for the northern region of BARCLAYS BANK.

★

Mr. Ronald Thorley has been appointed financial director of SILENTNIGHT HOLDINGS. He was previously with the Stone-Platt Group.

★

Mr. Ray Juniper has been appointed executive sales director for the industrial division of AULT AND WIBORG PAINTS.

★

Tudor Processing Holdings has been reconstituted as TUDOR PHOTOGRAPHIC GROUP and appointments have been made to the following Boards: Mr. Laurie Palmer, Tudor Processing, and Mr. Roger Picton and Mr. John Halliwell, Tudor Reprographic. Mr. Jeffrey Sedley is now group secretary.

★

Mr. W. N. Irby has been appointed a director of ALEXANDER HOWDEN GROUP.

★

Mr. D. E. Walker has been appointed a director of Air Tools and Compressors and Cox and Wright (Pneumatics). He succeeds Mr. R. D. Wykes as general manager of ATC. Mr. Brian Ward has joined the Board of Tully Engineering and has become managing director on the retirement of Mr. Arthur Skaith. The companies are members of WGI group.

★

Mr. John Topping has been appointed group financial controller and a director of James Neill (Services) and Mr. T. C. Oxley has become a director. Mr. Eric Hodgson has been made managing director of Moore and Wright (Sheffield) succeeding Mr. J. K. Walton, who has retired. Mr. Topping and Mr. Hodgson also join the Board of BRITISH TOOL MANUFACTURERS, the holding company for James Neill group interests in the tool industry.

★

Mr. R. M. Scott has become sales and marketing director of SIMPSON-LAWRENCE.

HOME CONTRACTS

Construction work worth £9.1m

Kier Limited, a member of the FRENCH KIER GROUP, has been awarded a contract worth £5.4m. by the Property Services Agency on behalf of the Ministry of Defence (Procurement Executive), for the construction of three research buildings, generally for laboratory and office use, at the Royal Signals and Radar Establishment, Great Malvern, Hereford and Worcestershire. The work will take almost two years to complete. Robert Marriott, also part of the French Kier Group, has received four orders amounting to £3.7m. These have been placed by Milton Keynes Development Corporation for just over £2m. for the erection and completion of 188 dwellings together with associated site works at Springfield Grid Square, Milton Keynes, and the second for £1.3m. for 108 dwellings also at Milton Keynes. The company has also been awarded a contract from the Borough of Kettering, worth £224,459, for the conversion of an existing two- and three-storey factory premises into 19 self-contained flats. The fourth order has been placed by Habitat Designs for £196,000. This is for the building of an extension to an existing warehouse in Wellingborough.

★

G. C. DAVIS AND CO. (GAS) has won a £110,000 contract for a complete gas detection system on the Conoco-owned North Sea platform, Murchison A. The order involves about 350 gas detector loops using the G. C. Davis 3200 circuit module, in conjunction with electro-catalytic sensors re-designed in stainless-steel.

★

SIMON-CARVES, part of Simon Engineering, has received a £3m. contract from Mullard for a glass batching plant at Simonstone, Lancs. The new equipment, incorporating micro-processor control, will replace an existing system at Mullard's TV tube factory where production will be maintained throughout installation.

★

GRAMPIAN PRODUCERS, Kingston-upon-Thames, has won a Ministry of Defence order worth £320,000 to supply sets of its mobile sound system to the British Army. The sets will be used by Army units at tattoos, displays and ceremonials, and on other occasions when they need to provide their own broadcasting facilities.

★

HGS—Humphreys & Glasgow Services, has been awarded a contract by the London Borough of Southwark worth £970,000 for the modification and upgrading of heating on the Aylesbury Estate.

Another order has been placed by the Paddington Churches Housing Association worth £700,000 for the modernisation and conversion of houses into flats at Randolph Avenue, Stage II of the scheme.

★

PD PROCESS ENGINEERING has won a £175,000 contract for mechanical and electrical works at a new effluent treatment plant for the Royal Naval aircraft yard at Gosport, Hants.

Record for European porcelain

SALEROOM — PAMELA JUDGE

FURNITURE and objects d'art made just over £1m. in the two-day sale by Sotheby Parke Bernet Monaco which ended yesterday in Monte Carlo.

A silk nightcap that had belonged to Napoleon was bought by an anonymous English collector for £180.

The highest price at the sale—£78,782—was given for a Vincennes porcelain figure with a clock which went to an anonymous bidder. This was a world record at auction for a piece of European porcelain.

A pair of marquetry armoires went for £37,815 to a French buyer and a little red and gold lacquered table made £25,210.

A gold and black lacquer Louis XV bureau was bought for £78,782, a Louis XIV "commode" went for £39,916 and a pair of black marble busts with yellow marble clothes made £36,765.

A rare 18th-century commemorative glass — bought recently in the West Country for a small sum—was sold by Sotheby's in London yesterday to a private collector for £2,200. The English and Continental glass fetched a total of £31,684 with a German dealer paying £1,250 fo ra Potsdam-Zechlin gilt armorial goblet and cover. Delomosne gave £1,000 for a Dutch engraved goblet and the same price came from an anonymous buyer for an engraved Thuringian engraved goblet and cover.

In New York Sotheby Parke Bernet's sale of Americana ended on Saturday with the total reaching just over $2m. with $57,500 (£29,639) being paid for a Chippendale carved mahogany chest of drawers and $40,000 (£20,618) for a Chippendale carved and inlaid walnut and cherrywood bookcase.

A pair of Meissen figures of parrots fetched £7,000 at Christie's in London yesterday and the same sum was given by van Bel for a Meissen (Marcolini), part dinner- and dessert-service. A Sevres part dinner service went for £4,800 and the whole sale of Continental porcelain made £109,736.

A sale of oils and water-colours at Jolly's Auction Rooms, Bath, the west country branch of Philips made £10,175 and in London furniture sold by the same house totalled £26,123, prints fetched £12,410 and water-colours and drawings £7,150.

Jonjo poised for century

RACING — BY DOMINIC WIGAN

IN SPITE of the loss of to-day's Leicester card through water-logging, there are no problems at Sedgefield, where there is a Tote Jackpot carry-forward of nearly £8,000 and the added attraction of Britain's answer to Steve Cauthen, Jonjo O'Neill.

The Irish-born jockey who, finally, moved off the 95-winner mark when bringing Sea Pigeon with a late run to beat Beacon Light in the Oteley Hurdle at Sandown on Saturday, has a number of promising mounts here and it is not inconceivable that he will be celebrating that first century by the end of the day.

His best chances are the four-year-olds Qualuz and Jason, his mounts in the two divisions of the Ryhope Novices Hurdle.

At the last meeting here, Jason, a strong Mummy's Pet bay, gave O'Neill few worries when outclassing General Patterns and 10 others in a similar event, and with both Dolly Dickins and Royal Budget surprising absentees from Division II, his task appears no more difficult.

Earlier, the Royal Palace gelding Qualuz ought to win the first division of the Ryhope with the minimum of fuss provided that his mind can be kept even half on the job in hand.

SEDGEFIELD
1.45—Bell's Lad*
2.15—Qualuz***
2.45—Supreme Sail
3.15—Slane Lady
3.45—Village Dusky
4.15—Jason**

Mercedes for Safari

BY JOHN GRIFFITHS

MERCEDES is returning to international motor sport with a four-car team which is to contest the East African Safari Rally at the end of March.

A senior Daimler-Benz official flew back to Stuttgart from Nairobi at the weekend after finalising details of the entry with Mercedes' Kenyan importers, D. T. Dobie, which is officially entering the team, with support from Mobil.

This will be Mercedes' first "official" entry in a world championship series rally since the company formally withdrew from motor sport in the early 1960s.

There are no apparent plans to contest the world rally championship itself, but the company is also known to be seriously considering entering a team of several cars in the 30,000-kilometre World Cup Rally through South America at the end of the World Cup soccer contest in Buenos Aires this summer.

The Mercedes move follows a number of similar decisions taken by European manufacturers to return to motor sport with entries of [illegible] resembling what is available in showrooms.

TV/Radio

BBC 1

† Indicates programmes in black and white

9.10 a.m. For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Ragtime. 2.00 You and Me. 2.15 For Schools, Colleges. 3.20 Pobol Y Cwm. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 a.m.). 4.20 Wally Gator. 4.25 Jackanory. 4.40 Animal Magic. 5.05 John Craven's Newsround. 5.15 Star Turn.
5.40 News
5.55 Nationwide (London and South-East only)
6.20 Nationwide
6.55 Young Musician of the Year
7.25 The Variety Club Awards
8.10 The Good Old Days
9.00 News
9.25 Play for To-day
10.35 To-night
11.15 The Engineers
11.40 Weather/Regional News

All Regions as BBC-1 except at the following times:—

Wales—2.22-2.37 p.m. For Schools: Tablau (5) Tabl chwech. 5.55-6.20 Wales Today. 6.55 Heddiw. 7.15 Pobol Y Cwm (senod) pennod 19. 7.45-8.10 Ask the Family. 11.15 The Variety Club Awards. 12.00 News and Weather for Wales. 12.02-12.27 a.m. The Engineers.

Scotland—5.55-6.20 p.m. Reporting Scotland. 11.40 p.m. News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 11.40 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth).

BBC 2

11.00 a.m. Play School
3.15 p.m. Other People's Children
†3.00 Film as Evidence
3.30 The Living City
6.35 Open University
7.00 News on 2 Headlines
7.05 Propaganda with facts
7.30 Newsday including The Chinese Economy (discussion)
8.10 International Pro-Celebrity Golf
9.00 In the Looking Glass
9.30 The Chinese Way (report on rural life in China)
10.35 Darts: Embassy World Professional Darts Championships
11.20 Late News on 2
11.30 The Old Grey Whistle Test

LONDON

9.30 a.m. Schools Programmes. 11.55 Felix the Cat. 12.00 The Wotsit from Whizz-Bang. 12.10 p.m. Rainbow. 12.30 Kitchen Garden. 1.00 News plus FT index. 1.20 Help. 1.30 Crown Court. 2.00 After Noon. 2.25 Sam. 3.20 The Rolf Harris Show. 3.50 Couples. 4.20 Get It Together. 4.45 Magpie. 5.10 Sportscene.
5.45 News
6.00 Thames at 6
6.35 Crossroads
7.00 Dave Allen
7.30 The Streets of San Francisco
8.30 Rising Damp
9.00 Wide Alliance
10.00 News
10.30 Boxing: John Conteh (G.B.) v. Joe Cokes (U.S.)
11.30 Quincy
12.25 a.m. Close: Mahdav Sharma reads some sayings from the Tao Te Ching to celebrate the Chinese New Year.

All IBA Regions as London except at the following times:—

ANGLIA
[illegible]

ATV
[illegible]

BORDER
[illegible]

CHANNEL
[illegible]

GRAMPIAN
[illegible]

GRANADA
[illegible]

HTV
[illegible]

SCOTTISH
[illegible]

SOUTHERN
[illegible]

TYNE TEES
[illegible]

ULSTER
[illegible]

WESTWARD
[illegible]

YORKSHIRE
[illegible]

RADIO 1 247m
[illegible]

RADIO 2 1,500m and VHF
[illegible]

RADIO 3 464m, Stereo & VHF
[illegible]

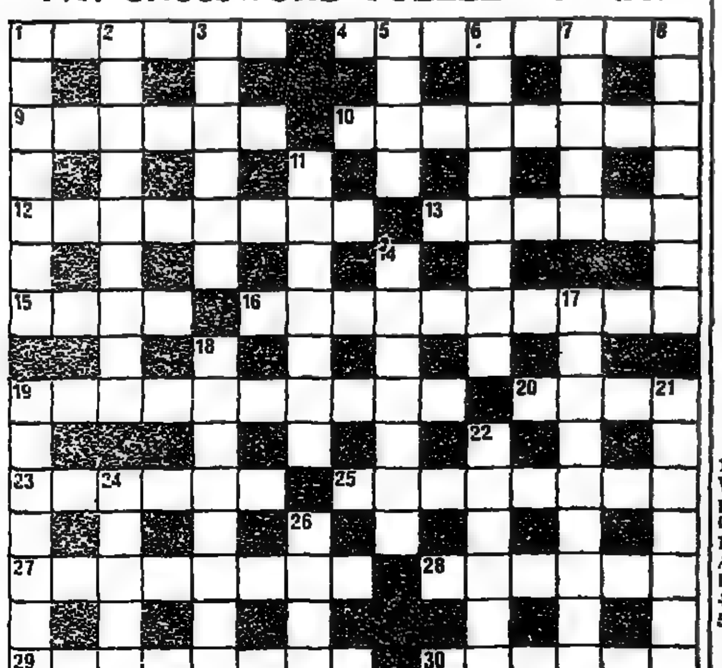
RADIO 4 434m, 285m and VHF
[illegible]

BBC Radio London 206m and 94.9 VHF
[illegible]

London Broadcasting 261m and 97.3 VHF
[illegible]

Capital Radio 194m and 95.8 VHF
[illegible]

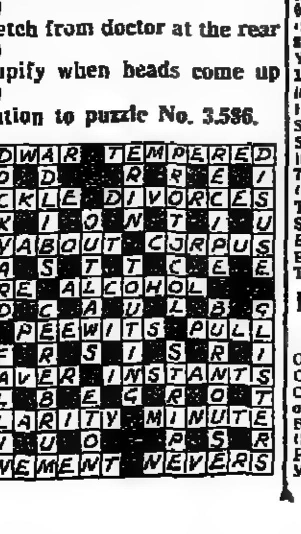
F.T. CROSSWORD PUZZLE No. 3,587



ACROSS
1 Is taking rest outside to propose (6)
4 Measure of content? (8)
9 Pelt that may be black or white! (6)
10 Biscuit found in a vehicle in satellite (8)
12 Little time for a deficiency (8)
13 To cut off Oriental is hard to endure (6)
15 Fruit consumed after start of diet (4)
16 Ancestor with a book is patient (10)
19 Corpulence given by brands of merchandise in wines (10)
20 Check the register (4)
23 Fish for communist viewer (6)
25 Singular Arab is ill-equipped (3-5)
27 I came back and dined to get thinner (8)
28 Urgent entreaty to the south-east may give delight (6)
29 Where one may pass from day to day (4-4)
30 Give evidence at trial (6)

DOWN
1 Soldiers sit and rested (7)
2 Drink beer with fan (9)
3 She gets an unusual hat to cover the point (6)
5 Incline to be thin (4)
6 Where astronauts drink but it's blank for typists (5-3)
7 South-western town out of the east (5)
8 Broken line and damaged net but it's merciful (7)
11 Silver ring on the shore (7)
14 Sailor employing bad language (7)
17 Take turns with deputy (9)
18 Spend about a pound on invoice for programme (8)
19 Foreshadow a drink at the finish (7)
21 Deliver a gift now (7)
22 Talk about the French villa (5)
24 Sketch from doctor at the rear (5)
26 Stupidly when beads come up (4)

Solution to puzzle No. 3,586



Colnaghi's

A Venetian in England

by DENYS SUTTON, Editor of Apollo

The artistic ties between England and Venice are considerable and stretch back over the centuries. The traffic has been two way. Some Venetians have worked in England and the English have discovered exciting motives in Venice, especially Turner. In addition, since the days of James I and Charles I, paintings by the great Venetian masters of the sixteenth century have attracted English collectors.

The connections that obtained in the eighteenth century are now tolerably familiar in the sense that the activity of Consul Smith has been documented and that the inspiration derived by Canaletto from his visit to England has been studied. The recent publication of J. G. Links's book on Canaletto's patrons and his revision of the late W. G. Constable's standard work on this master have once again brought the Venetian painter before public gaze: so has the news that two of his most elegant pictures with English themes—those of Warwick Castle—may cross the Atlantic.

Yet if the relationship between Canaletto and England is a well-worked subject, the role of the other Venetian artists who came to this country has not been explored so thoroughly, largely because they are not such notable painters. The work of Sebastiano and Marco Ricci and Pellegrini is known to the specialist, but not perhaps so much to the general public. However, the position of the Venetians in England during the early part of the eighteenth century is of fundamental importance for the history of English art and taste, as C. F. Bell was one of the first to appreciate, even before the First World War.

Colnaghi's are to be congratulated, therefore, for presenting a small but enjoyable show of works by Sebastiano Ricci (1659-1734), which is being held in aid of the Udine Art Restoration Fund. The earthquake in this region did great harm to architecture and works of art as may be seen from the details supplied in the catalogue.

The show is introduced by Jeffery Daniels, who is the author of two books on the artist; he is mainly responsible for the notes in the catalogue. The preface presents a useful account of Ricci's life. It is intriguing to find that when he left England in 1716 he was laden with "so much money that he had to pay a special tax to export it."

The sketch of Ricci's career brings out that he was one of those itinerant artists who were able to do well at a time when monarchs, princes, the aristocracy and the plutocracy were eager to commission decorations or own pictures in the grand tradition. The Venetians were singularly well placed to be able to meet such demands.

Ricci worked in Venice, in Florence, where he executed one of the most charming decorations in Palazzo Pitti, in Rome, in Germany, and in England. He was an international artist in the way that Fortuny or Gerome were in the 19th century though, as far as concerns large-scale decorations, the parallel would be with Sert.

Pascoli, a chronicler of the time, claims that Queen Anne sent for Sebastiano, but no evidence is at hand to support this statement. Although Ricci failed to secure the commission to decorate the dome of St. Paul's—the job went to Thornhill—he was invited to undertake decorative work for the Earl (later Duke) of Portland and Lord Burlington; his decorations on either side of the staircase at Burlington House are well known, but they are mutilated. He also painted *The Resurrection*, in Royal Hospital, Chelsea, where it may still be seen.

The exhibition explains the reason for Ricci's popularity in the 18th century. He had an easy unaffected way of painting, used a language that was not too revolutionary if at all, and could turn out just the sort of religious or mythological subject picture that pleased his patrons. He provided pleasant background music.

It is sometimes suggested that Sebastiano Ricci was a master of the Rococo. The definition of such terms is always a tricky business, and the attempts to do so precisely can cause confusion. Of Ricci, it should perhaps be said that he was in touch with one modern trend of his day. In so far as he used light colours and could paint with rapidity, but at heart he remained rooted in the 16th century tradition.

The most rococo of his paintings and in many ways the most delightful on view, is *The Allegorical tomb of the Duke of Devonshire*. This was painted in collaboration with his nephew, Marco Ricci, who was responsible for the landscape, and is now in the Barber Institute, Birmingham. It is one of a series of allegorical tombs of the major military, political and intellectual personalities who had been active in England since the Revolution of 1688.

The series was commissioned from various artists by an Irish impresario called Owen McSwiny, who was down on his luck and had taken refuge from his creditors with Consul Smith in Venice. Ten of the set were bought by Lord March (later Duke of Richmond) and hung in the dining-room at Goodwood, where they must have looked splendid.

The Devonshire tomb is more elegant and lively than most of Ricci's paintings, and the sculpture is executed with brio. The air of fantasy that invests the composition is enchanting, and one may regret that Sebastiano did not paint more works of this type. It is the sort of picture that would have appealed to Rex Whistler.

S. & M. Ricci: An Allegorical Composition

This picture shows his ability to employ a refined yet strong palette, and the same combination may be observed in *The Last Supper* from Worcester College, Oxford, in which the dog is vividly handled. Here and there in his paintings, Ricci may be seen as a precursor of G. B. Tiepolo. In *The Presentation of Christ in the Temple* (Chatsworth), he bases his composition on Veronese, but, at the same time, certain sketchy effects anticipate the technique of the great master of the 18th century Venice. There is a touch of Tiepolo, too, in the painting of the dog in *Diana and Endymion* from Chiswick House: the figures are rather on the blowsy side.

Ricci had a successful life, ending with many honours and with an apartment in the Procuratie Vecchie with windows overlooking the Piazza San Marco. The Englishman visiting Venice should wave a salute to the shades of this talented Venetian who gave much pleasure to our ancestors and whose paintings are being exhibited for a cause that would have won his approval.

Teatro comunale G. Verdi

La vedova scaltra

by RONALD CRICHTON

After the operatic riches of Milan, a change was indicated. Trieste provided exactly what was needed: unfamiliar town and theatre, an unfamiliar opera, mainly unfamiliar singers. To the English a border town like Trieste with a varied history has a peculiar fascination. Apart from bilingual signposts and an occasional Slavic face in the streets, a short stay offers small evidence that Yugoslavia is only miles away. But in the centre of Trieste, signs of past Austrian domination are everywhere in the solid, rather pompous grandeur of official and commercial buildings. Off the main squares the streets of this quarter, with their tall houses and geometrical planning, are an improbable mixture of Salzburg and Lisbon. I went armed with Nicolas Powell's useful little book *Travellers to Trieste* (Faber and Faber, £6.95).

The opera house, now named after Verdi in honour of two premieres—*Il corsaro* (1848) and *Stiffelio* (1850)—was built, as the Tat Teatro Nuovo, during the Napoleonic wars. It is a large, comfortable-looking building with a humped roof, occupying one of the best sites on the sea-front—however, no doubt in view of the fierce winds that lash the city the entrance turns its back on the quays. It is purely Italian: the facade was started by the architect of the Fenice in Venice and finished by a pupil of Piermarini who designed the front of La Scala. Auditorium and public rooms are spacious. There is a museum with Verdian relics and interesting evidence that Toscanini, in this city, conducted a work by Elgar (the Introduction and Allegro), as early as 1908. Trieste is nothing if not commercial, yet the ample provision for the opera makes nonsense of the usual excuses for the cramped spaces occupied by old theatres in Britain.

Wolf-Ferrari, Venetian-born son of a German father and Italian mother, who spent much of his life (and saw a number of his operas first produced) in Munich, but who returned to Venice to die, is with his mixed blood a suitable composer to hear in Trieste. His melodious, transparent, economical music has seldom appealed widely to the general public. To some extent he is a musicians' composer, yet his outwardly unproblematical style does not endear him to progressives. His devotion to Goldoni comedies and to 18th century Venice suggest an elegant pasticheur, but he is more considerable and more complex than that.

La vedova scaltra (1931) reveals him much more as a late example of the 19th-century's absorption in the 18th, as strong as our present fascination with the 19th. The affinities are with composers who descend from Mozart more than Beethoven — with Mendelssohn, with the Gounod of *Le Medecin malgre lui*, with the lighter Bizet and the lighter Puccini. Verdi's *Falstaff* marked him deeply. So, surely, did *Die Meistersinger*, though the scale on which he worked was infinitely smaller. One senses, too, a wary eye on Strauss, whose *Rosenkavalier*, *Ariadne* and (subsequently) *Capriccio* declare the same affection for the age of rococo with a totally different approach, Wolf-Ferrari being as expert at contracting as Strauss was at expanding.

The libretto by Mario Ghisalberti is an adaptation of Goldoni's comedy of the same name. The bones of the plot can be quickly told. The "crafty widow" of the title is Rosaura, young, wealthy, beautiful and Venetian. She is being courted simultaneously by an English milord, a French monsieur, a noble Spaniard and the Italian Conte di Bosco Nero. She makes her preference for her countryman clear, but postpones the final decision until she has tested all four by disguising herself in turn as an English, French, Spanish and Italian visitor to Venice, each proclaiming unrequited love for the appropriate suitor. They all fall for the trick except the Italian, who firmly protests his devotion to the real Rosaura. The intrigues are sped on their way by Rosaura's French maid Marionette and by Arlecchino, servant at the inn where the suitors are lodging.

It is hard to see why *La vedova scaltra*, in spite of the charm and mastery of the writing, turns up so infrequently. There is a lot to sing. For his two sopranos Wolf-Ferrari writes music as grateful and almost as taxing as Strauss writing for his favourite voice. The two lines are constantly overlapping and interweaving. The two tiny duets in the last act show a brilliant gift for making lyrical points speedily. Rosaura has a waltz song in the first act which thereafter flits in and out of the texture, a waltz just as anachronistic as the ones in *Rosenkavalier*, but not so much Viennese as Chopinesque. There are ensembles light as air, and dextrous choral finales. The orchestra, though one would hardly realise it from the lightness of touch, is fairly large, with triple woodwind.

At Trieste the opera was interestingly cast. Of the two excellent sopranos, Elena Zilio was heard as seconda donna in Bellini's *La straniera* in the Palermo season at Edinburgh some years ago. She has developed into an artist who acts with her eyes, her hands—and her voice. The tone in the middle register has taken on a smoky, burnished quality like an Italian Dernesch. Italian audiences being what they are, Miss Zilio's ravishing soft singing of Rosaura's *canzona* at the spinet in act 2 (a companion-piece to the sonnet in *Capriccio*), was not given a single clap. Fiorella Pediconi, sure, sweet and strong at the top, sang Marionette. Both voices winged out confidently into the big theatre.

Of the suitors, the brightest was the tenor Max-Rene Cosotti (Fenton in the Glyndebourne *Falstaff*) as Monsieur Le Bleau As Milford and Don Alvaro (two basses), Enrico Fissore and Alfredo Mariotti, both reliable singers, should have changed places, the Spaniard appearing beefy and phlegmatic, the Englishman haughty and quarrelsome. As the victorious Italian (the tenor lead), Giuliano Ciannella was the least even of the four as a singer but in his act 2 aria (admirable example of Wolf-Ferrari's subtle use harmonic colour), he rose to real eloquence. I liked the gruff, barky, unsentimental Harlequin of Mario Basiola—the son, I understand, of the baritone of that name remembered from pre-war seasons at Covent Garden.

No conductor who obtains such good vocal ensemble from his soloist can be seriously faulted, yet Gianfranco Masini's direction of the orchestra in moderate or slow music was often nerveless or spongy in a score that demands to be kept unobtrusively on the move. Unobtrusive was precisely the word for Vera Maria Bertinelli's efficient production. Scenery and costumes, borrowed from the Fenice, were by Giulio Coltelacci. The outdoor sets were so good that the dullness of the interiors (all dead cream) came as a surprise. Though it needs professional performance (I mention that because in England only student companies effectively remembered Wolf-Ferrari's centenary two years ago), *La vedova* deserves production in this country.

Warehouse

A Miserable and Lonely Death

Let is suppose we have a prisoner named Smith, who has been arrested on a technicality. He is held in prison overnight, looked after for his own safety, in case he should commit suicide, by a Lieutenant and two Warrent Officers of the Security Branch. Also for his own safety, al; his clothes are taken away and he is manacled hand and foot. Despite all these precautions, the morning finds him with serious brain damage and bruising on the body.

His doctor signs a certificate to say that there is nothing wrong with him. He hadn't seen the head injury that other people saw. All the same, it might be a good thing to take Smith to hospital, for he can't talk properly and he refuses to eat or drink; so he is put into the back of a truck, still naked, and driven from, as it were, Croydon to Iverness during the night. At Inverness he is inconsiderate enough to die, for this involves an inquest; and at the inquest the reports of the post mortem indicate that Smith has probably received at least three severe blows on the head at probably the time he was under detention.

Of course the name isn't Smith, it's Steve Biko. The doctors who admit their "errors" when confronted by the findings at the p.m. are Biko's own doctor and the chief district surgeon; the senior officer who insists that the patient was only shamming to avoid interrogation is Colonel Goosen of the South African Security Department ("we don't work under statutes"), the lieutenant who guarded him so watchfully at night was Lieutenant Wilken of the same department, who believes that wearing leg-irons "is like when a person is wearing sunglasses."

The inquest is a farrago of falsehoods and evasion, and Mr. Kentridge, appearing for Biko's widow and mother, drags these out clearly into the light. He calls for a verdict of criminal assault against the Security men. Mr. Prins, the coroner, is like the doctors: he believes that politics is more pressing than truth. His verdict maintains that there was no act or omission by anyone to cause Biko's death in these circumstances.

The proceedings have been tellingly dramatised by Norman Fenton and Jon Blair, building on their original half-hour feature for Thames TV, and the RSC have put on a vivid "rehearsed reading" which brings out all the monstrous impropriety of the business more sharply than the newspaper reports could. They have had access to a transcript of the inquest, with all its grim humour—as when Goosen, for example, makes a classic Freudian slip in calling his security men "my assaulting team." Nothing has been added.

Ian McKellen reads the part of Kentridge, Patrick Stewart the Colonel, Nigel Hawthorne the coroner. There is no impersonation; but the personalities come through the dialogue with dreadful clarity. The reading is to be given again next Sunday. It is almost a duty for right-minded men to go.

B. A. YOUNG

Festival Hall

Davies's symphony

by DOMINIC GILL

Peter Maxwell Davies's new symphony, given its first performance last Thursday by the Philharmonia Orchestra under Simon Rattle, is the composer's most ambitious, and by far his longest, orchestral creation. Nor was it short in the making: as long ago as 1973 the Philharmonia commission for an "orchestral work" came to fruit in the first draft of the present symphony's second movement, provisionally entitled *Black Pentecost*. But the piece seemed incomplete, and Davies withdrew it: the music was, as he says, "budding & putting out shoots, and although I had firmly drawn the final double bar-line, it was reaching out across this, suggesting transformations beyond the confines of a single movement."

The budding process continued, signalling at each new stage an entirely new framework. *Black Pentecost* gave birth to another movement, which was then absorbed, compressed back into itself; the first chord of that movement sprouted a new span of music, which became the first movement; an adagio slow movement was added; and last, a presto finale, which mirrored the first movement in its tonal implications, and confirmed by its manner and treatment of ideas the traditional symphonic cast of the work. The result was a First Symphony in four movements, scored for medium-sized orchestra with four percussion, lasting nearly one hour.

It is a considerable piece — in length, in substance, in complexity of working. It makes as considerable demands on its audience as it does on its players: it is a "difficult" work, yet at the same time happily accessible. It makes simple and recognisable propositions, and speaks a not unfamiliar language. The forging of new or provocative links between the past and the present is no part of the design: the music speaks less of division and conflict than of harmony and acceptance, of consolidation rather than adventure. Given the initial choice of traditional instruments to articulate essentially traditional forms and timbres in traditional ways, it was not merely unavoidable, but entirely apt, that Davies should (as he says) "bolster my own orchestral composition by analysing various symphonies and large orchestral works in some depth, and apply various symphonic solutions and devices." For all its force, its many moments of real beauty and its incidental forays into new territory, it neither charts, nor clearly intends to chart, new ground.

No one can pretend to "judge" a new orchestral work of one hour on a single performance—or even on one performance and one-and-a-half rehearsals. But is it here that Davies —albeit with great elegance and characteristic mastery—falls between two stools? His new symphony is not a Mahler Three or a Sibelius Five: he would not claim as much, and no one could claim the expectation. But neither is it, on its own terms, a whole and new-breathing creation of the kind which instantly hits its mark—like that much earlier Davies orchestral work, the *Second Fantasia on John Taverner's In Nomine* of 1964, still to-day, I believe, a fresh and vigorous masterpiece, marked in every aspect with wonderful clarity, drawn with extraordinary tension and energy. Beside the *Fantasia*, I found the symphony no more than a preparatory study, rich in fascinating textural detail, but as yet essentially unproved, loose in dramatic thread.

Perhaps there was too much at once for us all to take in: perhaps the connections will come later. Certainly, what Davies has always done well, he does in the symphony with marvellous fluency and assurance: the sudden, brilliant points of light marking the way to a tough, hard correspondence of trajectories; above all, the instant, intimate evocation, most often of something prepared for but until now only half-perceived —a breathtaking Orkney seascape without limit or distance; a skyscape of the purest, darkest blue, shot with numberless stars.

The adagio slow movement I found specially rewarding—a magical distillation of Davies-evocations held firm in a powerfully cogent frame: restless tremolandi like rainfall, divided by a solo violin reaching up with a song of almost Straussian sweetness; a succession of instrumental knots tied ever more tightly, a braying of urgent sforzandi, every note a surge, gathering together in intensity, released in a sudden reverse-climax, a dark retrospective, very beautiful. And much elsewhere, too, among the familiar methods of quotation, fragmentation and transformation—not least in the germ of the symphony, the original second movement *lento*-to-scherzo, alive with delicate traceries, swirls of strings and wind, complex instrumental interlocking; and in the finale, the last knot proudly tied in a broad parallel with the finale of Sibelius's Fifth, a triumphant passacaglia dismissed by a sequence of stabbing sforzando chords. In the coming months we should hear a broadcast of the symphony, and with luck a performance at the Proms. I look forward to these with the greatest interest and—at the prospect, always in view, of changing my mind entirely—with more than a little excitement.

King's Head

Birdbath

by MICHAEL COVENEY

Although the programme does not come clean by admitting that Leonard Melfi's one-act romance dates from Off-Off Broadway 1965, Paul Jerricho's lunchtime production is a painful reminder of a vanished world. Like most writers of that era, Melfi had gobbed around New York and his mouthpiece Frankie is an unsuccessful poet working by nights as a cashier in a cafe. There he meets the highly-strung Velma Sparrow who chatters on about her mother and brother in the Bronx before throwing herself at her new workmate.

The play is completely bound by the time in which it was written: Velma works by day as a usherette in Greenwich Village and remembers seeing Ed Sullivan when employed as a hat-check girl; when Frankie shows her a selection of Lorca she ingenuously asks if he is a Puerto Rican. She is an innocent abroad in a frantic post-Kerouac world of trampled aspirations and seedy night life. Frankie is an archetypal Village character, drowning his sorrows in ready-mixed bottles of iced Martini. A seduction scene is delayed as Velma pulls a knife smeared in her mother's blood. Frankie writes her a Valentine as she fades, exhausted, on the single bed.

Placed incongruously on the Caribbean verandah of *Kingdom Come*, the evening show, the piece is denied its period value by both production and acting. Jennie Anderson mistakenly incorporates Southern wistfulness into her performance of the shaken-up Bronx girl, while Michael Dickinson misses Frankie's beatnik casualness by a mile. The main disaster, however, is Miss Anderson's inability to suggest that Velma's emotional edginess derives from trauma rather than character deficiency. The result is a hollow exercise of genuflection to an out-of-date fringe tradition.

Flora Thompson's 'Lark Rise' for Cottesloe

Lark Rise by Flora Thompson, in a stage version by Keith Dewhurst, is to be presented at the National Theatre's small auditorium, the Cottesloe. It will open there on March 29. The play is from Flora Thompson's trilogy, published as *Lark Rise to Candleford*.

Festival Hall/Radio 3

The Solti series

by RONALD CRICHTON

Solti's appearance with the London Philharmonic on Sunday was his first since the announcement that he is to succeed Haitink as principal conductor in 1979 — he has, of course, long been associated with the orchestra. Not for the first time, one has to observe that Sir Georg's programmes are not the summit of adventurousness, but a number of brilliant, high-powered performances may be taken for granted and one at least was forthcoming on Sunday in this English concert, coupling the Fourth Symphony of Vaughan Williams with Holst's *The Planets*.

This is said to have been Solti's first encounter with the Fourth, the most uncompromising of the composer's nine, and one that often attracts major conductors not of English extraction. Solti's reading, of the first movement especially, was lower in voltage than one expected from him—instead of laying the audience flat with the opening discords he seemed more concerned with preparing the ground for the symphonic argument that is carried right through to the epilogue, and in addition the opening pages weren't absolutely spick and span in ensemble. But the slow movement gained strength from the comparative reticence of what went before, and the macabre marches and crunching counterpoint of the finale had plenty of muscle.

As it turned out, hearing *The Planets* after the symphony was interesting not only for the chance to compare Holst's more accurate and refined ear for orchestral timbre (immediately detectable in "Mars") but for the influence his score was still having on Vaughan Williams in the thirties—look for example at the *ffff* phrase on page 29 of "Mars". Conductor and orchestra produced vivid sound in this and many other pages of the work, vivid enough almost to reconcile one to a complete performance (three or four numbers judiciously selected for contrast can make a stronger effect). The ladies of the LP Choir were heard in "Neptune," placed in a side passage too near the platform—this kind of effect rarely works in this hall.

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BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897

Telephone: 01-248 8000

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A limited apology

THE GOVERNMENT may have feared that the Holliday Hall case might become a trial of its pay policy. The Attorney General, at any rate, who appeared by invitation before the Court of Appeal yesterday, was much concerned to argue that it was nothing of the kind. But he was able to bring the case to a swift conclusion and prevent wider issues from being further discussed only by arguing that there were special factors operating in this instance and by conceding that the Department of Employment had made statements about the possible use of sanctions which were "unfortunately worded." The end result, moreover, is that the company is now free to pay its employees, without much risk of reprisals, what it had agreed to pay them. The Government has undoubtedly suffered a setback. Whether it has wider effects — particularly on the attitude of other firms which are threatened with the use of sanctions — remains to be seen.

The particular difficulty in this matter was that the Department of Employment conceived misgivings about a pay agreement reached between employers and employees in the electrical industry only after it had been reached. It then warned both sides about the possible use of discretionary powers by the Government which was seeking, according to Mr. Silkin, to persuade the two sides to renegotiate their settlement.

Moral victory

When the employees refused to co-operate, however, the Department of Employment made to the employers' side its "unfortunately worded" statement about action that the Government might take. This raised the question, at least for Holliday Hall, whether or not the Government was putting pressure on it to break a contract into which it had already entered. Once this issue was raised in Court, the Attorney General felt bound to intervene and to state clearly that "it is not now and has never been the policy of the Government that it should take any action with the intention or consequence of causing a breach of contractual or other legal obligations." The company is free to go ahead and has won what it no doubt regards as a moral victory of some importance.

But Mr. Silkin went on to emphasise that the concession he had made for special reasons in this particular case did not affect the Government's general attitude to the enforcement of pay restraint. His words here are worth quoting. "What I have said implies no derogation from the Government's right, subject to any relevant statutory provisions, to place its contracts in the manner which in its view will best serve the national interest, and hence to take into account, among other relevant factors, whether an employer is or is not observing the White Paper guidelines for the purpose of controlling inflation. That is a matter which is not in issue in this case."

Arbitrary

Mr. Silkin's reference is to the White Paper published last July, after the Government had failed to reach agreement with the TUC about a Phase Three of pay restraint. That White Paper contains guidelines about pay increases for the economy as a whole, not for individual firms: indeed, it concedes that "it is not possible to stipulate a specific figure at which individual negotiators must invariably settle." The threat not to devote public money to firms which reached a settlement "quite clearly inconsistent with the policies set out in this White Paper" was therefore undesirable from the outset, since it announced the Government's intention to lay down and enforce whatever rules it chose in individual cases.

It has become the more disagreeable in practice since (partly as a result of the Government's own presentation of its case) 10 per cent. has hardened into a rigid norm, quite contrary to the original aims of everyone concerned. We do not want to see pay restraint collapse. We do, however, want the Government to get away from this "discretionary" approach, more accurately described as arbitrary, as soon as possible.

Long term tasks for Geneva

THE TOKYO round trade negotiations, which are about to start in good earnest in Geneva, have a background which is in one sense more encouraging, but in another far more forbidding than has seemed likely until recently. The actual bargaining is going unexpectedly well: the offers which have been tabled look negotiable, there seems to be a general determination to produce useful agreements, and it now seems likely that tariffs will be duly reduced, the rules governing technical standards tightened, and that at least a start will be made on such contentious problems as tax regimes and Government purchasing.

Steadily worse

The economic background, on the other hand, has been getting steadily worse. As the Director-General of GATT, M. Olivier Long, pointed out in a thoughtful speech in London last week, nothing so encourages change as a rapid growth of trade. When trade stagnates, on the other hand, change becomes known as adjustment, and is seen as a severe economic and political problem rather than as the agent of progress and efficiency. It is unfortunately all too clear at the moment that the prospect for the next year or two is for a very slow growth in trade, and consequently for severe strain on the rules which are meant to govern trading practices.

The most pressing danger is that just as progress is being made with further liberalisation in theory, the whole GATT rule book will become an increasingly dead letter in practice. The Americans, who are by no means backward in conducting bilateral bargaining outside the GATT rules, are already complaining vigorously that there seem to be no sanctions against those who ignore the rules altogether. M. Long spoke of members who appear not to understand the rules, and had asked the trade authorities in Geneva to approve discriminatory measures of "adjustment assistance" which are specifically outlawed under the relevant Article of the Agreement. No-one is faultless in these matters. Our own assistance to shipbuilding, in the absence of any apparent plan to reduce capacity, may soon be a subject of international dispute, for example.

Everyone concerned with the preservation of a liberal trade regime, which has done so much for economic welfare in the past three decades, is therefore likely to agree with M. Long when he calls for a reaffirmation of the rule of law in international trade—and international law at that. Perhaps the most pressing problem is an effective surveillance of so-called adjustment assistance, and some machinery to arbitrate the related questions of taxes, subsidies, and countervailing duties. If these matters are left to the interpretation of domestic law—especially in the U.S., where the courts have not yet said what existing law actually says about such central matters as value added tax — the results could be entirely chaotic.

Far from clear

However, it is far from clear that even an effective enforcement of the GATT rules will meet the needs of a turbulent world. A rule-book revised by exhaustive multilateral negotiation every decade or so can hardly be flexible enough to cater for all the difficult questions which may be raised by technical change and by political and financial market crises. These may call for exceptional measures of temporary protection, which could soon lead to general lawlessness in trade. The GATT needs to become a forum as well as the ark of an increasingly disregarded law—a centre in which necessary, if temporary breaches of its own guiding principles can be discussed with all interested parties, registered and policed. Protectionist pressures can only be contained if the international machinery is flexible enough to yield the necessary minimum and survive; otherwise it may fall apart.

The struggle to get a new Euro-jet off the ground

By MICHAEL DONNE, Aerospace Correspondent

A JOINT marketing team from the major European aerospace companies (British Aerospace, Aerospatiale of France, Messerschmitt of West Germany and Fokker-VFW of Holland), will towards mid-month begin presentations to the world's airlines of their design for a 150-plus seater airliner, intended to meet the growing demand for a new short-to-medium jet for the 1980s and beyond.

They have been struggling for months to settle this design, and they are hoping that enough airlines will respond favourably in the coming weeks to enable them to tell their governments that they at last have a viable plan for a European competitor to whatever new types of aircraft the U.S. industry will offer.

It is readily accepted throughout Europe that such a new short-to-medium range jet is needed. If the aerospace industries on this side of the Atlantic are to win some share of the big market that will emerge in the 1980s for the replacement of existing aircraft. This market is estimated to amount to more than 1,000 aircraft into the 1990s. It represents virtually the last major new development in this category of aircraft for the next 20 years or more, which means that whoever fails to win some share of this re-equipment race will effectively be out of the short-to-medium range airliner market for that period.

For that reason, every major aircraft manufacturer in the world has been working on designs to meet the emerging need. In the U.S., Boeing has what it calls its New Airplane Programme, formerly variously known as 7X7, 7S7, 7N7, and 757, involving initially a twin-engined 180-200 seater capable of being developed into a wider family of jets. A new version of the highly successful 727 is also planned, this time with two engines instead of three. Rolls-Royce is very interested in this prospective market. McDonnell Douglas has already begun work on its latest derivative of the DC-9, the Super 80 series, and has collected some orders, but also has plans for a larger aircraft, the 200-seat DC-X-200.

In Europe, there is also a variety of ideas, but translating them into any kind of practical programme has so far proved difficult. British Aerospace has its own plan for a twin-engined design, called the X-Eleven. In France, Aerospatiale has a broadly comparable plan, for the AS-200. At the same time, these two companies, along with Messerschmitt and Fokker-VFW, have been trying to find a common solution, and have set up three teams—the Joint Engineering Team (JET) to settle the design, the Joint Operations Team (JOT) to settle problems of work and cost sharing and the Joint Marketing Team (JMT) to work out the sales problems.

These joint talks have progressed slowly, and strains have emerged between the prospective partners. When it became apparent late last year that some of the British and French ideas were so far apart as to be almost irreconcilable, the U.K. suspended all work on the X-Eleven, in favour of drawing up a new design within the three joint teams on design, marketing and cost/work sharing.

Despite the difficulties, enough has now been achieved to enable the Joint Marketing Team to be able to think of starting talks with the airlines in mid-February about the designs available. Broadly, a family of jets is envisaged—the B-1, with 131 seats and 1,200 miles range, the B-2, with 162 seats and up to 2,200 miles range, and the B-3 with 188 seats and 1,600 miles range. All would be twin-engined, using the Franco-American CFM-56 engine of between 20,000 lbs and 27,500 lbs thrust. The aim in the coming talks is to get enough airline responses not only to refine the designs, but also to gauge whether or not any of these aircraft will be worth building. The Governments of the four countries will want to be assured on this latter point before they agree to give moral and, more important, cash support to the venture.

The inter-company talks have also been slow, because, despite the undoubted benefits of international collaboration in widening markets and sharing costs, there are the difficulties inherent in trying to win agreement on such complex issues as design leadership, sharing of production work, and sharing of costs. Both the French and British have pressing problems finding work in the building of civil aircraft, at Toulouse in France and Filton and Hatfield in the U.K. especially. Each would like design leadership for a new jet, and final assembly in its own country. These difficulties have been aggravated by a difference of view within British Aerospace itself, with a number of middle management executives arguing that the U.K. should drop any idea of seeking a joint European venture, and go it alone with the X-Eleven venture instead. These executives have suggested in a "position paper" circulating within British Aerospace and in Westminster, that too much time has been lost in talk, and that unless a decision is taken soon to re-launch the X-Eleven.

What has alarmed these executives is not merely the problem of getting agreement in Europe, but the speed with which the U.S. industry is moving. Boeing, for example, is preparing for a midsummer launch of its New Airplane Programme. As one U.K. executive put it: "Boeing is on the springboard ready to dive in with a design when the market temperature is right. In Europe we are still arguing about how to get onto the springboard."

His view appears to be confirmed by Boeing plans to sharpen its attack on European markets. On February 9, a top-level Boeing team is due in London to brief aerospace industry officials on the benefits to be derived from collaborating with the U.S., and with Boeing in particular, instead of with Europe. McDonnell Douglas also has ideas of its own for collaboration with the U.K.

But the dissident British Aerospace executives nevertheless feel that if the U.K. were to go ahead swiftly on its own with the X-Eleven, it could snatch a big share of the world market for short-to-medium haul jets, amounting to as many as 400 aircraft by the mid-1980s. What these executives fear is that if the U.K. settles for a European programme, design leadership and final assembly might to go the Continent.

Lord Beswick, chairman of British Aerospace, and his team, recognise that the dissident executives want to get on and build aeroplanes to meet an imminent re-equipment tide that is likely to start flowing this summer and which will wait for no-one, least of all the Europeans, if they continue to argue among themselves. But the British Aerospace management remains convinced that enough work has been done already on the European venture to enable serious presentations to the airlines to start this month, and it is hoped that they will help to crystallise the programme, and demonstrate that sufficient demand exists to warrant advising Governments to go ahead. Thus, they are committed to going on with the European venture, and for the time being, at least, any idea of taking out and dusting off the X-Eleven design can be dismissed.

There are other complicating factors in the equation. In so far as the European companies are concerned, there are other aircraft ventures in prospect—such as the new smaller version of the A-300 Airbus, the B-10X, of 215 seats, which Airbus Industrie (primarily involving French and West German companies, although the U.K. also has a role building the wings for the A-300) wants to build for the future. But at British Aerospace there is a measure of caution about this venture, which is seen to be in direct competition with Boeing's own proposed New Airplane Programme.

There is also the question of how to manage any new collaborative European aircraft programme—should it be undertaken within the framework of the existing Airbus consortium, or should some new joint manufacturing combine be created? The U.K. prefers the latter, while many on the Continent prefer the former. If the U.K. goes back into Airbus Industrie on a formal government basis, will it be expected to pay a share of the past costs of developing the A-300 Airbus, or will it start afresh, paying only its share of any new ventures that the consortium may undertake?

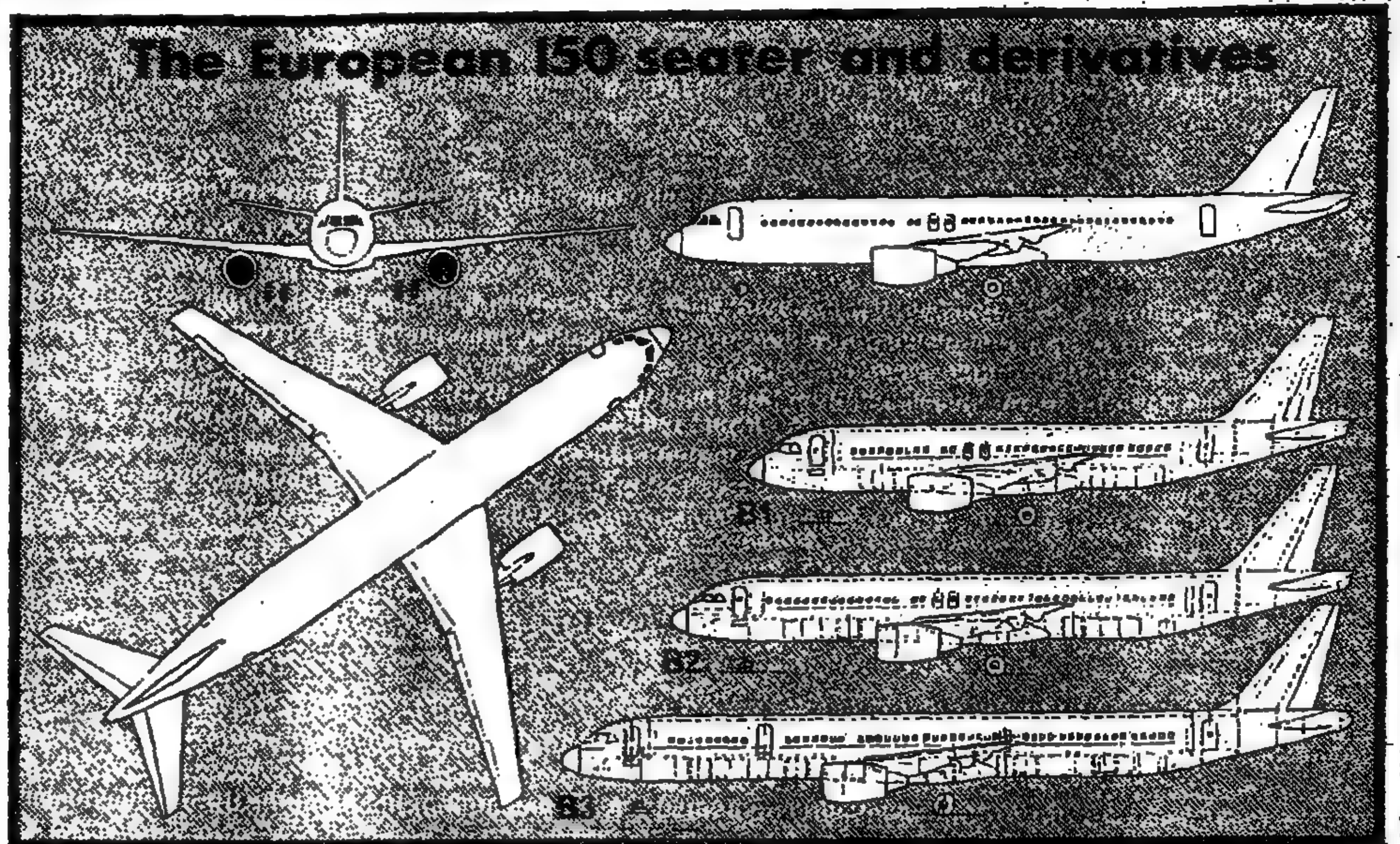
All of these questions will have to be answered, not only by companies but also by Governments, before any new joint European programme can be settled. It is no wonder, therefore, that some executives in the U.K. industry—and some senior civil servants in Whitehall and even members of the Government—tend to feel that the problems are almost insuperable, and that joining the U.S. would provide a quicker, cleaner and simpler solution.

Hanging over the heads of the British Aerospace management, moreover, there is the spectre of redundancies in the civil aviation side of the newly-nationalised industry, if new ventures are not settled soon. Even if a European venture is arranged this spring or early summer, it may not be possible to avert some further rundown of activity.

An interim solution that could ease the problem would be for the Government to authorise work on the small, 80-seat HS-146 short-haul feeder-liner. This programme was begun some years ago, but was halted when the oil crisis and subsequent economic recession hit world aircraft markets. In the recent past, design work on it has been kept ticking over, with the help of Government money, pending a final decision on its future—and many in the U.K. industry still believe there is a market for it.

Another aircraft venture that must also be taken into consideration is the prospective 100-120 seater for British Airways. This is not yet a direct factor in the overall problem of settling a new European collaborative programme for the future, but it might well become an integral part of any collaborative pact with the U.S. The reason is that the British Aerospace solution for this BA requirement is a new stretched version of the One-Eleven jet airliner, which is in competition with the Boeing 737 and the DC-9-40 from McDonnell Douglas. It seems certain that any collaborative arrangements the U.S. companies might propose to help meet the 150-seater market for the future would include the U.K. dropping its own One-Eleven derivative and buying instead either the Boeing 737 or McDonnell Douglas DC-9-40.

To ensure a substantial share of world markets in future, the U.K. industry needs not just one, but several new ventures — perhaps undertaking the HS-146, the 150-seater with Europe or sharing in a rival U.S. venture, and also developing a new version of the One-Eleven. Each involves a separate programme for different markets, with problems of its own. All that is clear at present is that unless some decisions are taken this year—and the sooner the better—the U.K. industry faces a further substantial rundown on the civil aircraft building side which may well hamper it when the time comes to bid for a share in the big markets expected in the future.



The 150-seater project, still in its formative stages, involves British and Continental manufacturers. The B2 is the basic design from which the B1 (131 seats) and the B3 (188 seats) could be derived.

MEN AND MATTERS

Brinkmanship in Amsterdam

For students of Bullock-style worker-director schemes, a current furore in the Netherlands is worthy of note. The "Mercurius" trade union, representing banking and insurance staffs, is angry because the Amsterdam-Rotterdam Bank (Amro) has made an extra place on its 16-man supervisory Board for Dr. Jan van den Brink, the retiring joint chairman. The union complains of an "old boy network" and says that the presence of Van den Brink — the country's one-time Economics Minister—will weigh the scales too much on the side of management rather than workers.

The bank, third biggest in the Netherlands, also has a 40-strong advisory Board. That is the traditional repository for retiring managers, and Mercurius wants Van den Brink put there.

The bank rejects the union protest, insisting that one man—even if he happens to be as powerful as the 62-year-old Van den Brink—could not sway the supervisory Board.

Since Amro's works council has not vetoed the appointment, it will go through. But another struggle is on the horizon: Dr. Christian Karsten, who in recent years has shared the Amro leadership with Van den Brink, retires next year. A place somewhere will have to be found for him.

Parallel twist

Britain may soon find itself importing Scotch whisky from the EEC. This prospect springs from the tangled state of the market since the Distillers Company decided to withdraw Johnnie Walker Red Label, best-selling brand in the world, from sale here. This was done to protect the brand from the efforts of unofficial export-importers, the so-called "parallel traders": they had been buying it cheaply in Britain, then undercutting official distributors in other Common Market countries.

Now the EEC Wine and Spirit Importers Group, representing distributors on the Continent, forecasts that there is every likelihood that Johnnie Walker Red Label will be re-imported into Britain from France or the Netherlands by the parallel traders. They will make a killing out of the brand's rarity value: the Distillers Company will not be able to do anything without running foul of EEC rules. Whisky men are disposed to agree with Mr. Bumble's succinct dictum—"The law is an ass."

Pick-up model

There will be a great deal of vintage elegance on display next Monday at Alexandra Palace: upwards of £300,000 is likely to be paid out by collectors bidding for dozens of Bentleys, Phantom Rolls and Lagondas dating from the halcyon Twenties, or even earlier.

But among this splendid company is a somewhat nondescript station wagon, listed as a 1948 Ford "Woody." The catalogue for the auction makes you look twice, while simultaneously destroying your illusions, it explains that the car was "recently imported from Portugal where the secret police had been using it." Salazar's feared interrogators, who might have been expected to move around in Maigret-style Citroens, suddenly seem more homely when you know they travelled in those wooden-sided wagons usually associated with market gardeners.

Rural mirage

The name of octogenarian Marcel Dassault is a household word in France for a variety of reasons. He is head of the aircraft company which produces the famous Mirage fighter-bomber which bears his name, paymaster of the Gaullist Party and owner of the glossy society weekly Jours de France. But what he has not generally been associated with in the public mind until yesterday is the preservation of small churches in the French countryside.

Yet it is in this guise that he appeared in a full-page signed advertisement in Le Monde in his capacity as Gaullist MP for the rural Oise constituency. The advertisement, which cost him 40,100 francs, is entitled "The great misery of France's small churches" and consists of an appeal to the Ministry of Culture to help rural areas maintain them by assigning part of the revenues from horse-racing or the national lottery.

There was no suggestion, of course, that a cut in the arms budget might also be devoted to such a worthy end. But the advertisement does speak movingly of rural depopulation and those, still in the villages, who are deeply attached "to the cemetery at the foot of the church where their parents, grandparents and all the others rest."

Snakes in the gas

The rivalry between gas and electricity is clearly reaching a frenzied pitch when Mrs. Laurraine Bunn's singular feat has to be thrown into the scales. A farmer's wife in Checkley, near Hereford, she has hatched out nine grass snakes in her oven from eggs found last summer by her husband. It took nine weeks of gentle warmth from the pilot light to hatch out the eggs; Mrs. Bunn tells me proudly that her pets have now reached a length of 10 inches, on a diet of quick-frozen eels.

The latest issue of the magazine Gas World spotlights Mrs. Bunn's snake-raising. "Could she have achieved that in an electric oven?" it demands.

Smiling through

A loan of $80m. has just been granted by the International Bank for Reconstruction and Development for the construction of the Brotherhood and Unity Highway. The idea of such qualities displaying themselves on a motorway is bizarre—and this one is in Yugoslavia. It will run through Croatia, Slovenia and Serbia (not exactly renowned for their unity, despite all Tito's efforts).

Sour note

It's bad enough seeing and hearing the plural of premium written and pronounced as premia. So will somebody please do something about the official at the Milk Marketing Board who has taken to referring in official documents to "premiae."

Observer

SOCIETY TO-DAY

Confused attitudes to unemployment

DEPENDING ON how you look at it, we treat the unemployed with the respect that any fellow-citizen down on his luck deserves — or we mollycoddle them. Anyone who feels confused about which of these descriptions is correct is in good company, for the confusion is a reflection of our society's fundamental inability to draw a balance between the policy of discipline that was once thought essential and the attitude of compassion that is now believed to be inescapable.

These are matters of philosophy, but that is the reason for facing them, not turning away from them. For until the philosophy is right there never will be a satisfactory end to the search for ways of improving the welfare state, or making it less expensive, or restoring incentives, or increasing benefits. I would go further: until we get the philosophy right, attempts to improve any one part of the ancient machine may do more damage than leaving it alone.

As an example, take what at first sight appears to be a small matter — the proposal to pay unemployment benefit, the dole, once a fortnight instead of once a week. This has been thought about inside the Department of Employment for about 15 months. There has been a pilot experiment in some of its regional offices, and a set of survey questionnaires — and now they are preparing a paper that will go up to Mr. Albert Booth, the Secretary of State for Employment, for his decision.

To appreciate the questions of philosophy that arise, one has to follow the history of this proposal fairly closely. It first appeared in the winter of 1976, when it was suggested that fortnightly payments would save money. This would help the Department contribute its share of the cuts then being demanded. About £8m. a year starting from 1978/79 was thought to be the likely figure. The saving would be made because less stationery and postage would be needed to send out the Giro-cheques, and because some 1,400 of the 20,000 paying-out staff would be shed through natural wastage. A modest proposal.

Its subsequent history is in itself fascinating evidence of the obstacles in the way of small changes, let alone the radical restructuring that the welfare state so clearly needs. First the proposal had to go to a "Joint Working Party" to be discussed by the civil service staff unions and the civil service managers. Then it had to go through the National Insurance Advisory Committee (and I am not especially anxious to know what that is either). Then regulations were laid before Parliament, and after that it became possible to arrange that in 36 of the thousand or so offices of the Department of Employment the pilot project could begin.

Casual

A three-month period was chosen, starting on September 5. Of about 60,000 claimants turning up at these offices during that period some 3,000 were kept on weekly payments because they were merchant seaman, or casual workers likely to take a job at any time, or living in lodging-houses where they might feel nervous about keeping a fortnight's benefit on their persons. The rest were switched to the new scheme, and at the end of it a tenth of them were given questionnaires to fill in.

By and large, the unemployed liked it. It is easier to turn up once a fortnight than once a week, and cheaper, too, when you think of the bus fares. A few—2 per cent.—asked to be put back on weekly cheques (these were mainly young people who want the money in their pockets), and they were. About a third of the respondents to the questionnaire said they found it difficult to last a fortnight on a single payment: nearly all the rest seemed quite happy.

At this stage it may reasonably be asked—where is the problem? Why not pay them fortnightly, save the £8m., and be done with it?

Perhaps we should, but consider this: One of the first questions the relevant officials asked themselves was whether the fortnightly payments should be in arrears, or in advance. All welfare payments are made in arrears in this country (with the obvious exception of maternity grant), and all, save sickness benefit, are paid weekly.

In the Scandinavian countries, and France, the unemployment benefit is paid fortnightly—in arrears. But the current British proposal is different. Two weeks is thought to be too long to last. If people were given the money in arrears, and failed to make ends meet, the law would oblige the Supplementary Benefits Commission to make up the difference. So the idea is to pay half in arrears and half in advance.

At once this brings one to philosophy. Unemployment benefit was originally paid daily, following a daily affirmation of inability to find work and willingness to take it if offered.

Times change: men on the dole in Manchester in 1938 (left) and hopefuls at a present day Jobcentre.

This harsh policy was gradually liberalised until in 1966 the rule became weekly signing-on and weekly payments.

Since then the old philosophy, of linking willingness to work to the payment of benefit, has been torn up. The former Ministry of Labour is now the Department of Employment, whose offices pay benefit, and a set of modern agencies, whose separate "Jobcentres" offer work. In at least half the branches the Jobcentres are now physically hived off to smart downtown shopfronts, leaving the old Ministry brick offices to do the paying out in less salubrious quarters.

The link is still maintained by officials, who exchange files in an unending effort to ensure that people who collect benefit really have registered as unemployed and thus shown their inability to find work, if not their willingness to take it. But is it maintained in the minds of the unemployed?

Only the most crude opponents of welfare would aver that it is not. It is still true that most of those on the dole would be happy to find work, while a growing proportion of them suffer genuine hardship, emotional or financial, as a result of long-term unemployment. But the question arises at what may be a growing margin. Low income earners with large families are undoubtedly better off on benefit than working, and for some others the extra income may be hardly worth the effort.

It is against this background that we must judge the idea of fortnightly payments, half in advance. As part of the pilot project an effort was made to estimate how much would be lost by overpayment, particularly to those who found work during the week for which they had been paid benefit in advance.

They came up with a figure of about 0.26 per cent., which would be £1.25m. on the present total annual payout. Some of this might be recoverable. Since the Department of Employment pays Supplementary Benefit to those of the unemployed who are eligible for it, that benefit too would become fortnightly—and the pilot study suggests a further £1m. or so loss there. This increase in overpayments would thus represent about a quarter of the annual saving of £8m., not to mention the extra staff that will be required to try harder to recoup the overpayments and combat fraud.

Never mind. Those sums are peanuts. What is not peanuts is the possible effect on some of the unemployed, not to mention the taxpayers who provide the Supplementary Benefit, if it gets around that at least half the new dole is payment in advance and that there is nothing easier than putting off taking a job for a week while you use it up, or cleaning windows for a double income during that time. Fraud is fraud whether payments are weekly or fortnightly—but the philosophy of payments in advance, and a further separation of the principle of benefit from the principle of work, could be political dynamite.

I say "could be" because I honestly do not know. There is a stream of opinion that has it that the high level of unemployment is related to the comparatively high benefit payments and another that has it that even if this is true the price is cheap when you consider the remarkable fact that in spite of a sustained period of historically high unemployment there has not been even the whisper of revolution: and another that insists that even now we have not removed the "stigma" of the dole and that we pay our long-term unemployed too little in social security support.

I have to confess that I find it quite possible to accept all three of the above seemingly contradictory propositions at once, for to me each of them reflects a facet of the complicated society in which we live. It is this deep-rooted confusion, which I suspect afflicts even those who convince themselves that they know the answers, that makes what seems like an insignificant decision on the frequency of payments of unemployment benefit so awkward.

Over at the Supplementary Benefits Commission, where they are completing their review of their not inconsiderable part of the welfare system, they seem to have ruled out fortnightly payments (except perhaps where linked with unemployment) because the root of their scheme is the current view of "need," and if their clients failed to meet their "needs" in the second week of the fortnight for which they had had a payment they would have to be paid again. Payments in advance would almost certainly increase the ferocity of attacks on the "scroungers" that some low-income working people understandably but mistakenly believe constitute most of the recipients of supplementary benefit.

None of this would matter it might be said, if the rate of taxation was changed so that at the lower levels the choice between working and taking benefits was not so finely-drawn. True, but we have yet to see changes in tax levels so mighty that they take the poor out of that particular trap. And the taxpayers who remain may not take kindly to any welfare system that appears to them to facilitate fraud.

In short, fortnightly payments of unemployment benefit would probably make sense as part of a total restructuring, but it is at the foundations that we need to start.

Joe Rogaly

Letters to the Editor

Squeaking pips in paper

From Mr. T. Tait.

Sir,—As one of the larger privately run companies in the paper trade, we read with great interest the article by Max Wilkinson on "Squeaking pips in the pulp and paper industry" (January 31) and thought that, basically speaking, it covered a good broad spectrum of the problems, although there are certain views in it to which I strongly object. At this stage, I would just like to point out that I am speaking purely for Thomas Tait and Sons.

I feel it is totally incorrect that M. Pierre Schmidt's views should be so liberally aired, when at this moment the French pulp industry is trying to justify an anti-dumping suit against the North Americans in the EEC.

It should also be clearly pointed out that quite a number of North American mills are export orientated towards the European market, and have been so for years—such as Chesapeake Corporation and Georgia Pacific. Both mills have expanded their operations in one form or another, as have many others from North America and, naturally, these traditional suppliers of pulp are looking to expand their markets in Europe.

Our company for one, certainly wants to support the North Americans, simply because some of the Scandinavian companies treated us badly in the so called "boom" years of 1973/74; when pulp was in short supply. For instance, the Finns contracted to sell us 5,400 tonnes of pulp in November, 1973, yet we only received 3,200 tonnes in 1974: a shortage of almost 40 per cent. We also bought bits and pieces of pulp from the French up to 1972, but when we went back for the same amount in 1973/74, we were told in no uncertain terms that they would not supply us. Who stepped in to bridge the gap? The traditional suppliers of pulp from the U.S.

The article also mentions the colossal way that integration has taken place in Sweden. Why, if we can get pulp elsewhere, should we buy from the Scandinavians if, by giving them a profit on their pulp sales, we allow them to integrate further, which means further competition for us on the world market?

As a company, and, I also believe, the British Paper and Board Industry Federation, we should come out clearly with a statement that we are 100 per cent. irrevocably committed to squashing this anti-dumping submission of the French on the Canadian and U.S. pulp producers.

One further point I would like to raise, and which the British paper trade should use against any support for the French industry, is that they supplied very little paper to the British market in 1973-74, and now they are pumping in many times the amount of paper, at prices that they do not make a profit on. No one could object to them putting their paper into Britain if they were making a profit, but why put paper into this country at so low a price that it is non-profitable for them to do so?

Thomas J. Tait.
Thomas Tait and Sons,
Inverurie Mills, Inverurie, Aberdeenshire.

The Fitzleet decision

From Mr. E. Roberts.

Sir,—In recent articles on the subject of the accounting policies used by property companies, reference has been made to the tax situation of those who make transfers to revenue out of unrealised capital profits in order to cover interest on borrowings related to development charged in the profit and loss account. The impression is given (February 1) that the recent Fitzleet decision in the House of Lords, which reaffirmed the Chancery Lane House of Lords decision reached some 12 years ago, could be relevant to the tax consequences of such transfers.

It should be remembered that both the Fitzleet and Chancery Lane cases were concerned with tax law which disappeared from the Statute Book in 1965 consequent upon the introduction of corporation tax which replaced income tax as applied to companies. Moreover the facts on which those decisions were based differ from those relevant to the accounting policies used in recent years by property companies. Therefore it is hard to see how those decisions might be applied to current accounting policies of any property company.

It is also worth drawing attention to the fact that whatever might or might not be its effect, the Chancery Lane decision has been on record since 1965. Fitzleet only served to confirm it, though in the event it has apparently also served to drag it out of oblivion.

E. A. Roberts.
38, Oakwood Avenue, Purley, Surrey.

Solving race relations

From the Chairman. The Chelsea Group of Young Conservatives.

Sir,—Mr. Joe Rogaly discussed some of the facts in his article "Mrs. Thatcher and the facts" of February 1 concerning immigration; he missed however the main point of Conservative policy.

The stopping of, or at least the immediate prospect of stopping, coloured immigration will reassure the population, of every colour, that the problem of immigration is being tackled and that "race relations" can be solved.

Our group feels that it should be left to each and every individual of this nation to decide how he or she wants to behave with the immigrant population and that "Race Relation Acts" are detrimental to race relations and an unwarranted limitation of the freedom of the individual.

Surely a fact of life is that everybody has his or her own preferences and has a right to discriminate in favour of one person against another for any reason whatsoever. All individuals, groups, tribes, nations and races have their own distinctive features; there seems no need for forced integration just as there is no need for forced separation.

Charles Smedley.
25b, Bolton Gardens, S.W.5.

Calculating for profit sharing

From Mr. R. Greenhill

Sir,—The February 3 edition provided a first-class opener to the debate on the Inland Revenue's consultative document on profit-sharing and employee share ownership. From the sceptical article by Lex to the informative reports in your editorial column and by John Elliott and David Wainman, many of the points requiring comment to the Inland Revenue have been brought to our attention.

There are, however, two principal factors which have not yet been highlighted, namely, the conditions and the environment in the company into which a profit-sharing scheme may be introduced; and second, the method of calculating or otherwise determining the amount of profit to be utilised in one of these schemes.

There is a grave risk that the incentive for the introduction of employee share ownership schemes could lead to such schemes being introduced in a company environment which is not properly geared for such a development. Some of the conditions which are necessary for a profit-sharing employee share ownership scheme to be successful are: effective communication and consultation with employees, opportunities for employees to contribute ideas for methods of work improvement, high calibre management to motivate and lead employees in an open style, the availability of financial and other information on the performance of the company, and the existence of a logical and fair basis of pay and benefits for all employees.

The second important factor that will require the attention of companies considering the introduction of a profit-sharing scheme is the method of measuring company performance and determining how much of the profit is to be shared. There is much to commend the move away from a simple percentage of profits which has characterised many of the earlier profit-sharing schemes in the U.K. Increasing numbers of companies are now looking for criteria which can be published for all employees in advance and which will truly reflect the success or decline in the efficiency of employees and capital. Traditional value added measures of performance related to employee costs may be satisfactory in some organisations, but it does not safeguard the return on capital that is essential for the continued prosperity of the company. Companies are wishing to make use of value added as the yardstick, providing the claims on value added for depreciation, interest and residual pre-tax profit can be sensibly related to the employee costs.

Providing these two important factors of conditions in the employment environment and criteria for measuring the company's performance receive all the attention they require, then there is every reason for looking forward to encouragement for employee share ownership schemes through the 1978 Finance Bill.

Richard T. Greenhill,
Cockman, Copeman and Partners.
178, Temple Chambers, Temple Avenue, E.C.4.

Synthetic rubber

From the Director. The British Association of Synthetic Rubber Manufacturers.

Sir, — I write to make some factual comments on the letters from Mr. Richard Holland (January 27) and Mr. P. W. Allen (January 30).

There are several process routes available to produce polyisoprene from butanes. That quoted by Mr. Holland as using 4-5 tonnes of butanes per tonne of polyisoprene gives a roughly equal output of non-synthetic rubber co-product and is appropriate to a large existing refinery/petrochemical complex where these co-products can be effectively used. The more specific processes utilise a maximum of 2 tonnes down to a minimum of 1.2 tonnes, the precise figure being set by the specification of the butane feedstock.

On natural rubber, production in Malaysia (which accounts for nearly half the world output) fell last year despite relatively high market prices. Even at these prices a better investment return is now obtainable by planting for palm oil and cocoa than for rubber. Consumers are, therefore, apprehensive that without a growing availability of synthetic polyisoprene, they may well find themselves short of this type of rubber in the 1980s.

J. H. Dunn.
Alembic House. 93, Albert Embankment, S.E.1.

What it costs to buy petrol

From Mr. M. Finlay.

Sir,—Your Energy Correspondent (January 31) suggests that having the cheapest petrol in Europe is adequate reason to raise the duty.

One suspects that—barring Italy—our petrol is in fact the most expensive when measured in "time to be worked at the average wage to afford each gallon."

Perhaps the Government would care to consider setting guidelines for managerial pay and tax rates so as to be in line with the Common Market also?

M. A. Finlay.
7, Helena Close, Hadley Wood, Barnet, Herts.

Prevention is better . . .

From the Executive Director and Head of Research, BUPA Medical Centre.

Sir,—David Fishlock (January 26) quotes a recent leading article in the Lancet on the cost effectiveness of multiphasic screening.

But as far as we know from other discussions of the same data, the study was in fact relating the value of screening—in terms of the previously undiagnosed disease revealed—to the willingness of the NHS general practice and hospital service to deal with it. Until medicine abandons its traditional approach to treating established disease and overt symptoms, preventive medicine will never get the break that it deserves. The survey in Southwark found disease in its early stages—but no one would do anything about it. This is not a fair condemnation of the screening process.

Playing the cost effectiveness game is currently popular with medical economists, but there frankly are not the criteria on which to make a true comparison. Sudden death from coronary thrombosis is cheap; long-term preventive supervision is inevitably more expensive. We are frequently accused of providing an expensive service but our costing is accurate and the centre has to pay its way, service its capital and provide funds for expansion. NHS costing is, to say the least, hazy and no charge is made for overheads, rent of space, shared facilities, administration, etc.

I am prepared to lay long odds that the true cost of, say, a chest X-ray or other standard diagnostic procedure at our centre compares very favourably with that in the NHS. We would challenge the commentators to produce comparable figures. Additionally, they were not comparing like with like because they took their cost of a very limited screening profile and compared it with our total cost for a much wider range of more sophisticated "tests" which include a long consultation.

We believe that the prevention of coronary heart disease and breast cancer which kill thousands of people under retiring age every year, is an economically and socially essential activity. What is worrying is the way that an ill-informed comment gets such wide publicity and gives the game a bad name.

H. B. Wright.
A. Bailey.
Battle Bridge House, 300, Gray's Inn Road, W.C.1.

To-day's Events

GENERAL

Mr. Margaret Thatcher, Conservative Leader, guest speaker at Orion Bank luncheon, Plaisterers' Hall, London Wall, EC2, 1 pm.

President Sadat of Egypt continues visit to U.S.

Mr. Simcha Ehrlich, Israeli Finance Minister, in South Africa for talks with Government Ministers on scientific and technical co-operation and growing imbalance of bilateral trade.

Meeting of EEC Foreign Ministers, Brussels.

EEC fisheries talks reopen, Bergen.

Three senior miners' officials meeting Mr. Len Murray, TUC general secretary, to test reaction to their plan for eight-month deal with National Coal Board.

Mr. Michael Meacher, Parliamentary Under-Secretary of State for Trade, addresses All Cinema Industry Seminar, Regent Centre Hotel, W1.

Mr. John Greenborough, CBI president, speaks at Electrical Contractors Association annual dinner, Grosvenor House, W1.

London Chamber of Commerce seminar on EEC drivers' hours, 69, Cannon Street, EC4, 3 pm.

Hong Kong buying mission in U.K. for talks.

Statement by Christian Aid on African refugees.

Queen attends Royal Marines Band concert, Royal Albert Hall, 7.30 pm.

Variety Club annual show business awards luncheon, Savoy Hotel, WC2.

Sir Peter Vanneck, Lord Mayor of London, attends Watermen and Lightermen's Company dinner, Fishmongers' Hall, EC4, 7.15 pm.

PARLIAMENTARY BUSINESS

House of Commons: Opposition debate on misuse of Government's discretionary powers ("blacklisting" of companies which break 10 per cent. guidelines). Shipbuilding (Redundancy Payments) Bill, remaining stages.

House of Lords: Suppression of Terrorism Bill, second reading. Representation of the People (Amend) Regs. 1978. Debate on EEC reports on research and development policy.

Select Committee: Nationalised Industries, sub-committee A. Subject: Scottish Transport Group report and accounts. Witness: Scottish Transport Group. 4 pm. Room 8.

OFFICIAL STATISTICS

U.K. banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-Jan.). London clearing banks' monthly statement (mid-Jan.).

COMPANY MEETINGS

Kelsey Industries, Hemel Hempstead, 11. Tomkinsons, Kidderminster, 12.

COMPANY RESULTS

Dowty Group (half-year), Imperial Group (full year).

COMPANY NEWS + COMMENT

Midterm leap by Vibroplant to £1.23m.

PLANT HIRE specialists Vibroplant Holdings reports an upsurge in pre-tax profits from £864,959 to £1,226,800 for the half year to September 30, 1977, an increase of 41.83 per cent. Turnover for the period advanced by 42.22 per cent. from £3.08m. to £4.38m.

The interim dividend is lifted from 3.575p to 3.96p net per 25p share, costing £142,560 (£128,700) after waivers. The total for 1975-76 was 9.515p. Pre-tax profits for that year came to a record £1.55m.

First-half tax absorbs £637,936 compared with £449,779, leaving net profits ahead from £415,180 to £588,864.

● comment

Vibroplant, the plant hire specialist, is off to a flying start; and even after allowing for some seasonal fluctuation due to weather influences the group should have little difficulty in turning out £2.4m. for the full year. On that basis the shares at 162p stand on a prospective p/e of 8.2, and yield 10.1 per cent. (assuming a maximum dividend), covered around twice by prospective earnings. Around a half of the improvement in turnover is due to better rates obtained in the plant hire market. The rest comes from an overall improvement in plant utilisation, particularly in the non-construction sector, together with the expansion in trading base. Airpac Rentals (which rents compressors to industry and the oil sector) is making a "significant" contribution while the portable building contribution is beginning to help. What will support performance in the second half is the 15 per cent. price increase which took effect in October. Moreover around a fifth of sales go to sectors where price increases have met with little resistance, rather than the depressed construction industry. But standing at their "high" for the year the shares are fully valued.

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Marginal rise at A. Millar

Profits for the year to September 30, 1977, of A. Millar and Co. were just ahead from £96,654 to £98,035 subject to tax of £43,385 compared with £50,223.

Earnings are shown to be up from 9.83p to 11.28p per share and the dividend is lifted from 3.575p to 3.737p.

The directors say it is difficult to look ahead and hazardous to attempt to forecast but they are confident that the company can continue to make satisfactory progress.

The new financial year got off to a good start with trade especially brisk during November and December.

Alexanders Holdings peak £0.3m.

FORD main dealers Alexanders Holdings reports turnover up by £4.16m. to £23.56m. and pre-tax profits ahead from £64,478 to a record £301,803 for the year to September 30, 1977. At halftime a turnround from a loss of £54,800 to a profit of £46,500 was achieved and the directors said that the outlook seemed to be very good.

Mr. J. B. T. Loudon, chairman, says that the group's three Scottish dealerships went from strength to strength during the year. The Northampton dealership is now trading at a profit and the premises at Huddersfield have been sold for a sum substantially in excess of book values.

The agricultural division has made an encouraging start in its new premises, he adds, and the contract hire division continues to expand and supplies many leading national companies.

The current year has started well with both turnover and profit ahead of the corresponding period last year.

Earnings per 5p share are given as 0.76p for the year and again there is no dividend. The company proposes to increase the authorised capital to £1.5m. by the creation of 6m. Ordinary shares of 5p. Also proposed is a one-for-five scrip issue.

Net profit was £111,269 (£7,390) after a higher tax charge of £190,534 compared with £57,088. Directors say this reflects the losses incurred by the Dutch subsidiary not available for offset against U.K. profits.

	1976-77	1975-76
	£	£
Turnover	23,558,993	19,403,780
Profit before tax	301,803	64,478
Tax	190,534	57,088
Net profit	111,269	7,390
Extraordinary debits	27,094	21,944
Leaving	84,175	*14,554

* Loss.

The date of the AGM is March 31, 1978.

● comment

After four years of steadily declining profits Alexanders Holdings has bounced back with pre-tax profits of £302,000. The Ordinary shares, which have risen sharply recently, remained unchanged yesterday at 17p while other motor dealers' shares continued to slide on a renewed bout of profit taking. However, Alexanders' shareholders may have been better served if the group had backed its profits recovery with a dividend payment—instead it has adopted its previous policy, shelved three years ago, of making a scrip issue. But with a £½m. expansion plan to boost tractor and commercial vehicle trade, already announced, the group may have decided that it would be wiser to retain the profits in the business. Meanwhile its Dutch subsidiary is continuing to depress group profits, and, judging by the high tax charge, probably turned in a loss approaching £60,000 last year. However, Alexanders' appears to have finally resolved its problems in the U.K. The whole of its former dealership premises in Northampton has been successfully let while the Huddersfield premises have been sold. Meanwhile the Scottish dealerships may well see a further advance in 1978 if Ford can increase its market share at the expense of Leyland while contract hire business may also see growth. The market capitalisation is almost £2.2m.

Satisfactory start for McMullen

TRADE FOR the first quarter of the current year at McMullen and Sons has been satisfactory, Mr. R. P. McMullen, the chairman, says in his annual statement. And he feels that the company can look forward to another year of successful trading as more of the rebuilt or improved houses come into full operation.

As reported on January 18 pre-tax profits of this Hertfordshire-based brewers rose from £1.2m. to £1.46m. for the October 1, 1977 year and the dividend is increased from 2.45p to 2.7p net with a final of 1.35p.

Proposals have been drawn up for a capital reorganisation under which non-voting, high income and Preferred shares would be created which could, if necessary, be sold to meet tax and other obligations without jeopardising the company's independence.

Mr. McMullen says that cash and bank short term deposits at the year end stood at £2.47m., the bulk of which directors intend to re-invest in trading assets.

Continental & Industrial advances

PRE-TAX REVENUE of Continental and Industrial Trust for the six months to November 30, 1977, rose from £801,071 to £901,726. After tax of £331,438 against £309,929 and Preference dividends £19,250 (same), the available revenue emerged as £551,038 compared with £471,892. Pre-tax revenue for the 1976-77 year was £1.67m.

As already known the interim dividend is increased from 2p to 2.25p net per 25p share absorbing £381,150 (£338,800).

During the period the company increased its $U.S.2m. loan to $4m., and with the existing $4m. loan the company now has facilities available totalling $8m. A total of $7.25m. ($5.75m.) was drawn down at November 30.

Speculators push up Airco

Wall Street speculators, expecting a tussle over the eventual ownership of Airco following the bitter row over major shareholder BOC's attempt to make an outright bid for the outstanding equity, yesterday pushed the price of Airco's shares up to $42.

This is just short of the $43 a share offer which BOC proposed to launch, in the face of opposition from the Airco Board, following the success of its tender offer for 1.8m. shares at $43 a share.

Airco's Board, which originally agreed that the tender offer should be made—to bring BOC's holding in the company up from 34 to 49 per cent.—now says, in a letter sent out to shareholders yesterday, that it has been advised by investment bankers Dillon Read that a fair price for "a purchase of all the outstanding shares" would be $50 to $55 a share. Airco's Board has described the attempt to make an offer of $43 a share for all the outstanding shares—which was abandoned 10 days ago—as "grossly inadequate."

In its letter to shareholders the Board says that it expects that all its shares will be purchased by "some other company—whether BOC or a third party."

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
U.C. Investments	20‡	Apr. 7	20	30	30
Vibroplant Holdings int.	3.96	Mar. 6	3.58	—	9.52

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ South African cents.

Seafield Gentex plans restructuring

A PLAN FOR a complete restructuring of Irish textile group Seafield Gentex is being worked out between directors and the companies financial advisers.

Mr. R. D. Lord, chairman, says in his annual statement that as part of the restructuring it will be the intention of the company to seek permission from shareholders and the Court to charge the extraordinary losses arising out of liquidations to the share premium account.

In the year just ended on September 30, 1977, the pre-tax loss of Seafield increased from £366,647 to £499,803. Extraordinary losses of £596,687 (£33,966 profits) were incurred on the disposal of subsidiary companies. The year's results also included losses of £338,000 from Castleguard Textiles, which has now ceased to operate.

In the year Milano Fashion was disposed of and made up the major portion of the extraordinary loss. The assets and stock of Rosemary Products resulted in a small surplus while further provision has been made in the liquidation of General Textiles (1970).

With Castleguard, the best and most recently equipped of the group's mills, the Industrial Development Authority has agreed to purchase the buildings, and Seafield is waiting on the results of negotiations between the IDA and other parties which may takeover most of the machinery. Otherwise directors intend selling the machinery at a minimum loss.

In other operations in the year Seafield Fabrics reduced its rate of loss. Reasonable profits were earned by both Hampton Mills and Westport Textiles despite both companies being affected, although to a lesser extent, by the Temporary Employment Subsidy in the U.K.

The Beechlawn Knitting Mills division also incurred losses and directors have decided on a course of action which should return the division to profits.

Industrial Yarns and Gentex (1975) were both profitable but Polytex incurred small losses because of adverse trading conditions in the Irish market. Polytex has however succeeded in marketing some of its newer products in Sweden, and possible developments in new products seem promising, Mr. Lord says.

Mr. Lord says it is too difficult to attempt to forecast results for the latest year as so much depends on the actual working of the Multi-Fibre Agreement and the degree of real recovery in the textile industry.

Mr. Lord describes the U.K. employment subsidy as creating unfair competition in the market place, and says that while group companies were having limited success competing against this, the situation was exacerbated by the unexpected downturn in trade which began in July.

He says that the group has been competing both in the U.K. and Ireland with similar U.K. firms who in most instances have been receiving the TES. "Surely this is not what is meant by free trade." Directors have estimated that under TES the group would have earned extra revenue of some £563,000.

Mr. Lord sees a danger that the scheme will be continued beyond the March 1978 cut-off date, in one form or another.

Meeting, Cork, February 24 at 3 p.m.

NEB may be selling some Ferranti shares

The likelihood that the National Enterprise Board will, this autumn, sell off some of its shares in the Ferranti electronics concern, in accordance with existing agreements, was indicated by Sir Leslie Murphy, the NEB chairman, at his Press conference yesterday.

As a result of the Government's rescue backing for Ferranti in 1975, the NEB holds 4m. (50 per cent.) of the electronic company's Ordinary shares and all its 2.87m. non-voting shares. Under the present agreement, if Ferranti obtains a Stock Exchange listing for its Ordinary shares before October 1, 1978, the way will be open for the non-voting shares to be converted into Ordinary and for half the present NEB holding of non-voting to be sold.

Sir Leslie said yesterday: "I am very hopeful that there will be a marketing operation later this year, in the autumn." It would be a sign of success for shares in a company which had been facing bankruptcy to be sold to the private sector and a quotation obtained, he added.

This confirmation of the probability of a quotation for Ferranti—and a share sale which would maintain the NEB's stake in Ferranti's enlarged Ordinary capital at 50 per cent.—follows the electronic group's recent success in raising a commercial loan of £25m.

Part of the loan, from an international consortium of banks, was used to repay a £6.33m. debt to the NEB.

Current indications are that Ferranti itself does expect to seek a listing for its Ordinary shares—which have never before been quoted on the Stock Exchange—before the end of September.

High Income Priority paying more

A policy of switching into higher yielding investments is now starting to pay off for the managers of London Wall's High Income Priority unit trust—and for the unitholders too. The distribution for the first half of the current financial year—to mid-December—has been increased by 47 per cent., to 1.97p per unit net. And while the managers do not anticipate being able to increase the final distribution by as much, they aim to keep the annual payments growing by at least as much as the rate of inflation.

The trust's portfolio is solidly U.K.-based, and likely to remain so since, as the managers point out, there are no high yielders abroad to compare with those available at home. The High Income Priority Trust was fully invested at end-December, at which point the total value of the fund was just over £10m., and there were some 114 investments. The managers say that they would go liquid if they considered it necessary to do so, but that for the moment they are remaining fully invested.

Alliance Building growth

Total assets of the Alliance Building Society rose from £1.02bn. to £1.27bn. during 1977, an increase of 25.3 per cent.

Mr. Roy Cox, chief general manager, said the year had been one of record progress, with the growth rate reaching its highest level since 1948, when the Society's assets stood at £18m.

The ratio of liquid funds to total assets rose from 21.5 per cent. (£219m.) to 24 per cent. (£306m.) while the reserve ratio increased from 3.07 per cent. (£31.3m.) to 3.22 per cent. (£41.1m.).

Sums paid in by investors in 1977 increased from £366m. to a record £575m., a rise of more than 57 per cent. Mortgage advances rose by £43m., from £225m. to £268m. and the number of home loans granted was an all time record at over 27,000.

Mr. Cox said the Alliance continued to satisfy a high level of mortgage demand, although it now required over four investors to finance the average home loan of £9,294 granted in 1977, compared with 1967 when only 2.6 investors were needed to finance the average £3,454 mortgage.

The Alliance, along with some other societies, is continuing to offer higher than recommended interest rates on money deposited in accounts which were operational before the beginning of this month. Mr. Cox said he thought the arrangement was likely to terminate at the end of April although the situation would be reviewed at that time.

Long term confidence at British Sugar

THE RECENTLY proposed 7½ per cent. devaluation of the green pound may not have any effect on British Sugar Corporation until the end of the current year, says Sir Gerald Thorley, chairman, in his annual statement.

He points out that the company receives no subsidies or aid either from the U.K. Government or from the EEC. The situation is exacerbated by a fall of 20 per cent. in the price of pulp in the U.K. and of 35 per cent. in the case of molasses in 1977/78 against last year. The current year is bound to be tough for both the company and its growers under such circumstances, he states.

Looking further ahead Sir Gerald tells members that the company's low cost structure compared with U.K. competitors and any Continental producers should allow both the company and its growers to prosper when true market forces are allowed to operate within the EEC.

Confidence in the future can be judged, he says, by the group's recently announced £70m. two-year capital spending programme. This will complete the capacity to produce 1.25m. tonnes of sugar in the 1979/80 campaign.

The plan is to modernise and expand existing factories. During the year under review the largest single expenditure was at Newark, where production capacity has been quadrupled. Other major expenditure was at Bury St. Edmunds, Cantley and Wissington.

Taxable profits for the year to September 25, 1977, reported January 27, expanded from £14.6m. to £20.47m. No provision was made for deferred tax.

This follows a review of the tax position which demonstrated that the company is not likely to have any liability to pay corporation tax in the foreseeable future.

A Current Cost Statement shows pre-tax profits at £10.44m., principally due to an increase in the depreciation charge.

During the last month of the year more of the company's granulated sugar was bought than any other brand. This was achieved in a highly competitive market and despite the fact that the company's home-produced sugar was 30 per cent. below average.

In the year nearly £30m. was committed to fixed capital and an additional £20m. used in working capital at the year end.

Sir Gerald says that the directors were encouraged by the response of holders to their call for a one-for-two rights issue which raised just over £18m. and was made more onerous in the market by the Government's decision not to take up its rights, which reduced its holding from 36 to 24 per cent. This was the first new equity capital raised by the company since its formation.

The AGM will be held at the Hyde Park Hotel, S.W., on March 2 at noon.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Dowty Group, Unitech.
Finals—Claverhouse Investment Trust, Imperial Group.

FUTURE DATES

Interims—
Customagic Manufacturing .... Feb. 16
Kursaal .... Feb. 20

Finals—
Canning (W.) .... Feb. 14
Drayton Premier Investment Tst. .... Feb. 9
Plastic Constructions .... Feb. 13
St. Andrew Trust .... Feb. 16
Steetley .... Mar. 9
Tube Investments .... Mar. 22
Witter (Thomas) .... Feb. 15

LAI down to £2.19m.

BY MICHAEL BLANDEN

London American International Corporation, the newly renamed export finance and marketing group controlled by the Midland Bank, reports a record turnover but a slight decline in profits in the past year.

The group's turnover rose from £211m. to £233m. But profits before tax and the adjustment for exchange rate movements slipped from £2.36m. to £2.19m.

The group also reports a major reorganisation following the acquisition just after the end of its financial year on September 30 of the U.S.-based XM Group of international marketing companies.

The group holding company, formerly called London American Finance Corporation, has been renamed as London American International Corporation. Midland Bank now has a 75 per cent. controlling interest in the group, after subscribing £5m. to a new issue of Ordinary shares at £7 a share and acquiring the residual small outside shareholdings.

The other 25 per cent. of the group is owned by Finance for Industry, through its ICFC subsidiary.

The acquisition of the XM Group has borught into London American a number of new operations including the importing, warehousing and distribution operations of the Market group in Europe.

As a result, London American's operating companies have been reorganised into two functional divisions, covering international trade finance and worldwide marketing. These will be managed by two management companies: London American Finance Corporation (LAFCO) and London American Marketing Corporation (LAMCO).

Sir Hugh Weeks has retired as chairman of the holding company, and is succeeded by Mr. Geoffrey Taylor, assistant chief general manager of Midland Bank. Mr. Larry Tindale, deputy chairman of FFI, has been appointed deputy chairman. Mr. Alan Ponte is managing director and also chairman of the two operating subsidiaries.

Commenting on the group's results Sir Hugh says that it was hard to match the previous year's outstanding results in the absence of the expected revival of world economic activity.

Discussing the Midland Bank share purchase, he reports that the proceeds of the share issue were substantially applied in the total prepayment of the company's medium term currency loans, though arrangements were made at the same time with Midland for a new eight-year ever-green multi-currency facility of $14m. to fund the capital requirements of further overseas growth.

ALFRED PREEDY

The rights issue by Alfred Preedy and Sons, of Ordinary 25p shares at 56p per share has been accepted as to 1,534,455 shares, representing 97.4 per cent. of the issue. The balance has been sold for the benefit of entitled holders.

Malaysia Rubber well ahead so far

Profit of Malaysia Rubber for the nine months to December 31, 1977 emerged as more than doubled from £9,184 to £19,861 after tax of £13,939 against £6,750.

The figures exclude the results of associates Kinta Kellas Rubber Estates and Dormal Investments, except that dividends declared by Kinta to February 2, 1978 have been included. Pre-tax profit for the 1976/77 year was a record £128,223, including £122,788 from associates.

Stated earnings at the nine months stage are 1.1p per 10p share compared with 0.45p.

MINING NEWS

Comalco earnings surge ahead to $A40m.

BY KENNETH MARSTON, MINING EDITOR

AGAINST the background of generally gloomy financial results from the world's producers of non-precious metals, a bright showing is made by the Rio Tinto-Zinc group's Australian aluminium producer, Comalco.

The company reports a surge in 1977 net profits to $A40.24m. (£23.63m.) from $A26.16m. in the previous year. The latest figure is struck after the deduction of exchange losses of $A3.69m. on long-term loans. A final dividend of 7.5 cents (4.4p) raises the year's total to 12.5 cents compared with 8 cents for 1976.

	1977 $A000s	1976 $A000s
Gross sales	399,000	329,000
*Profit before tax	61,195	37,861
Tax	22,917	14,574
Net profit	38,278	23,287
Minorities	884	881
From assocs.	6,652	4,367
†Extraordinary losses	834	‡87
Extraord. assoc. losses	3,659	703
Leaving	40,243	26,157

* After group depreciation and amortisation $15.62m. ($14.74m.), interest $18.65m. ($16.62m.) and Government royalties $7.37m. ($6.89m.). † On long-term loans. ‡ Gain.

As with the case of the rival Alcoa, which last month announced a 53 per cent. lift in profits to $A65.2m., the advance in earnings stems from the strong world demand for aluminium. In addition Comalco expanded its production last year and gross sales increased by 22 per cent. to $399m.

Bauxite production rose above ...m. tonnes for the first time while that of primary aluminium totalled 173,547 tonnes against 158,941 tonnes in 1976. The latter increase followed the completion in July of the first half of a new potline at the Bell Bay smelter in Tasmania, which added 19,000 tonnes to installed capacity, and to the first full year of operations at the expanded smelter at Bluff, New Zealand.

Comalco says that there was a fall of 5 per cent. in primary aluminium sales within Australia and that there was a considerable decline in demand in New Zealand. But export sales rose by 9 per cent. and prices were generally higher than in 1976 although some weakness developed in the third quarter, notably in Japan.

Because of the difficulty of obtaining various governmental approvals, Comalco is reviewing the proposal to purchase from its two major shareholders—Conzinc Riotinto of Australia and Kaiser Aluminium—a larger holding in Queensland Alumina (currently 13.8 per cent.) and to sell its holdings in Dampier Salt and West Pacific Salt. A statement is to be made before, or at, the annual meeting on April 20.

However, if the deal does not go ahead Comalco has agreed to sell to CRA its 50 per cent. interests in the salt companies. Comalco rose 10p to 225p yesterday.

Close-down at Blue Spec

AS FORESHADOWED in December, the ill-fated Blue Spec antimony-gold operation in Western Australia ceased mining on January 12. It is 78 per cent. owned by Australian Anglo American with Australia's Metramar Minerals holding 13 per cent. and the remaining 9 per cent. belonging to Australian Consolidated Minerals.

After an operating debit of $A1.86m. (£975,000) in the year to last June, Blue Spec lost just under $A153,000 in the three months to September 17 and made a further loss of $A199,629 in the quarter ended December 10. An auction of all plant, equipment and housing will be held when the plant clean-up has been completed.

In 1970, Metramar decided to embark on the mining operation and was backed by South Africa's General Mining group. In the following year General Mining pulled out and in 1972 Anglo American took its place. But the operation has suffered from a decline in the market for antimony coupled with limited ore reserves. Metramar were around 1½p yesterday.

Poor year for Texasgulf

DESPITE a slight improvement in the fourth quarter, 1977 net earnings of America's Texasgulf fell 24 per cent. to $46.3m. (£23.8m.) from $60.8m. in the previous year. Sales amounted to $483m. against $481m.

The company suffered from falling sales of zinc, copper and fertilisers. But the effects were partly offset by soda ash sales and higher revenue from silver, sulphur, oil and gas. Operating costs moved up sharply last year and there were exchange losses arising from the weakness of the Canadian dollar.

Gold Fields' bid to mine in Yorkshire

Consolidated Gold Fields, the London mining house, to-day launches a bid to persuade Mr. Peter Shore, the Secretary for the Environment, to grant permission for potash mining south of Whitby in the North York Moors National Park.

Its appeal against a local refusal to grant planning permission starts in Whitby, where Mr. A. D. Hawkins, an inspector from the Department of the Environment, with two assessors, is to conduct a public inquiry.

After the inquiry, which could last three weeks, Mr. Hawkins will make a report and recommendations for Mr. Shore, who will take the final decision.

The Gold Fields subsidiary, Whitby Potash, has a property adjacent to the land on which the Charter Consolidated-ICI joint venture, Cleveland Potash, has established the country's only potash mine. The property is flanked on the other side by land for which Rio Tinto-Zinc holds the mineral rights.

The plan is to establish a solution mine capable of producing 450,000 tonnes of muriate of potash and 300,000 tonnes of salt a year. Instead of putting in shafts in the conventional way, the potash salts are in effect pumped to the surface in the form of brine, which then goes to a refinery by pipeline.

The refinery, if Gold Fields receives permission, would be on the southern outskirts of Whitby, on the border of the National Park.

Gold Fields' application has had a mixed welcome in the Whitby area and is being opposed by groups worried about the effect of the mine and the refinery on the National Park.

Gamsberg setback

PLANS to develop the north-west Cape base-metal province of South Africa, have taken a temporary setback with yesterday's announcement by Mr. Gordon Parker, managing director of O'Okiep Copper, that the R180m. (£107m.) Gamsberg zinc project has been deferred pending a revival of zinc demand, reports our Johannesburg correspondent.

An independent survey commissioned by the Gamsberg partners, which include the Anglo American and Newmont groups as well as O'Okiep, has confirmed the "competitive position" of the project and its expected economic viability, but it seems that current zinc prices are too low.

Drilling has continued at the Gamsberg, which is only about ten miles from the R150m. Black Mountain copper-lead-zinc venture in the Aggeneys area now being developed by Gold Fields of South Africa and Phelps Dodge. The latest estimates of Gamsberg are that the orebody contains a vast 145.5m. tons of zinc at a grade of 7.07 per cent. and lead at 0.56 per cent.

Anglo American came into the project last July at the invitation of the other two partners, who retain 37.5 per cent. each while Newmont also holds a controlling interest in O'Okiep. At that time the zinc price was £310 per tonne against the current £246.

The partners made it clear that despite the project's attractions in the large high grade orebody the go-ahead decision would depend on estimates of zinc demand and the price. Now, it will be held in reserve against improved conditions.

Further weakness in the London zinc price yesterday followed news that Billiton Metals and Ores had cut its basic sales price to $530 per tonne from $600.

Inco's profits wilt in the fourth quarter

A HEAVY fall in fourth quarter earnings to $US4.6m. (£2.37m.), or two cents per share compared with $60.9m. a year ago, is reported by Canada's nickel giant, Inco. It brings the total for 1977 to $99.9m. compared with $196.8m. in 1976. Sales in the past year amounted to $1.95bn., against $2.04bn., those of the ESB battery subsidiary accounting for $706m., against $598m. However, a quarterly dividend of 20 cents is declared. The 1977 total was $1.25, compared with $1.60 in 1976.

The fourth quarter results have been hit by "substantially reduced" sales of nickel, lower prices for primary nickel and copper, currency translation adjustments and a required provision for separation costs relating to reductions in employees; most of the lay-offs will occur early in the current year.

Taking the year as a whole, lower earnings have reflected the fall in sales of nickel and platinum metals, lower copper prices, higher costs in the metals business and a decline in the ESB contribution to earnings, primarily owing to non-recurring factors. At the same time, higher prices were obtained for rolling mill products and platinum metals and there was an increased credit of $17.6m. on currency adjustments.

As reported here last month, the Inco chairman, Mr. Edwin Carter, was defending the company's successive decisions to cut back nickel production and to lay off employees in answer to questions put by an Ontario Legislature committee. He said that the company would face bankruptcy if it were forced by the Ontario Government to continue production in order to save jobs.

Sweden's iron ore giant loss worse than expected

PRELIMINARY FIGURES for 1977 from LKAB indicate that the Swedish State-owned iron ore mining company made a considerably higher loss than forecast at the eight-month stage, reports William Dullforce from Stockholm. After historic depreciation and financial costs the loss comes out at Kr.670m. (£74.4m.) against the Kr.550m. forecast in October and the 1976 loss of Kr.55m.

Sales shrank from Kr.2.06bn. to Kr.1.63bn. (£181m.). The slump reflects both the collapse in iron ore prices and lower deliveries. LKAB shipped 19.3m. tonnes of iron ore and pellets in 1977 compared with 22.1m. tonnes in the previous year and ...m. tonnes in the boom year 1974.

The labour force was cut by ...0 to 8,330 during 1977 and further reductions are being negotiated with the unions. Production was curtailed to 21.3m. tonnes against 25.5m. in 1976 but unsold stocks held in north Sweden and Rotterdam swelled to 15m. tonnes, equivalent to more than nine months' sales at the present rate.

A controversial issue is LKAB's contract with the state railway, to which it paid Kr.562m. in freight charges last year, or Kr.65m. more than in 1976 despite the smaller freight carried. The LKAB management has been trying to revise this contract.

Capital investments were around Kr.600m., roughly the same as in 1976 but substantially lower than intended under earlier plans which provided for extensions to the pelletising plants.

The pressure on the State company's finances is sharply illustrated in the item for net financial losses, which rose from Kr.55m. in 1976 to Kr.156m. last year, a reflection of the increased borrowing. The management has already sought a new injection of share capital from the Government.

In North Sweden yesterday Mr. Nils Aasling, the Minister of Industry, promised Kr.200m. in State financial support to save for the rest of the year the jobs of 650 LKAB workers threatened with redundancy. At the same time, Statsforetag, the State holding company, said it would help to save a further 250 jobs in the mining company by financing investments and development projects to the tune of Kr.180m. The LKAB management told Mr. Aasling that it anticipated no profit recovery this year.

SAME AGAIN FROM UCI

The Union Corporation group's UC Investments has raised its 1977 net profit to R7.24m. (£4.3m.) from R6.32m. Latest earnings equal 37.1 cents per share and the final dividend is maintained at 20 cents (11.9p) to make an unchanged total of 30 cents. The net asset value has increased to 527 cents from 431 cents a year ago.

The South African investment company's dividend income for the past year is virtually unchanged, but sharedealing profits have increased. There has been a smaller provision for writing down of investments and no prospecting expenditure on the latest occasion. UCI were 222p yesterday.

ASSOC. MINERALS LOSING MONEY

The Consolidated Gold Fields group's Associated Minerals Consolidated has made an operating loss of $A3.47m. (£2m.) in the half year to December 31 compared with a profit of $A2.1m. in the same period of 1976. After a tax credit, however, the Australian company's loss is reduced to $A2.03m.

No interim is being declared; a year ago there was an interim of 6 cents, but the subsequent final declaration was omitted.

AMC has been hit by a decline in its sales of rutile and zircon coupled with a weakening in the price of rutile. Markets remain depressed and a further loss is expected in the current half of the financial year.

Another Australian mineral sands producer to be feeling the pinch is Mineral Deposits. Net profits for 1977 have fallen to $A1.28m. (£733,000) from $A2.04m. in the previous year. The company's 1977 sales fell 13.5 per cent. to $A15.73m.

MINING BRIEF

ANGLO AMERICAN CORPORATION—Coal division sales output for January. Figures in metric tonnes. Republic of South Africa: Bituminous: Amalgamated (Cornelia) 233,061. Anglo Power (Arnot) 434,243. Kriel 288,063. Bluebok 28,889. Coronation (Bank) 164,971. New Largo 91,555. SA Coal Estates 316,248. Springbok 184,234. Springfield 252,360. Vryheid Coronation (coal) 22,060, coke 41,998. Other collieries: Vierfontein 161,374. Zululand Natal's Indument Colliery 31,381. Anthracite: Balgray 30,696. Natal Anthracite 83,667. Wankie Colliery (coal) 160,631, coke 12,936. Swaziland Collieries' Mpaka Mine 1,532. Morupule Colliery 20,365. Group total 2,446,298.

BIDS AND DEALS

Further sale by Thos. Ward

Thomas W. Ward, the steel *scrap to motor vehicle distribution group, announced the latest* in a long line of disposals yesterday. It has reached an agreement in principle with Wombwell *Foundry and Engineering* where subject to contract Wombwell will buy the steel foundry business and premises of Ward's subsidiary Sprotborough Castings for *£800,000.*

Sprotborough is the remaining steel foundry business of Marshall-Fowler, the rump of whose assets were sold by Ward in the financial year ended September 30, 1976.

In the year 1976-77 Sprotborough made audited pre-tax profits of £80,000 on a turnover *of £3.5m. This profit was struck* after interest payments on inter-group loans amounting to £50,000 for the year. Wombwell will not assume any liability for these loans within the *terms of the* agreement. The book value of Sprotborough's net tangible assets is £940,000.

Last night deputy chairman and managing director Mr. J. P. Frost said that the move marked a further attempt by Ward to improve the group's return on capital employed. "Since the sale of Marshall-Fowler we have been *looking for a buyer.* We no longer need our own foundry business since we are not using large steel castings in any volume," he added.

The move follows the sale of Thomas Smith and Sons (Rodley) for £1.45m. to Clarke Chapman; the sale of the Hillingdon premises of Butters Cranes for £470,000 to Ruston Bucyrus; and the agreement *in principle to sell* the Grantham and Netherton steel stockholding interests of *John Lee and Son (Grantham)* to the British Steel Corporation. In *addition Marshall Richards Barcro,* the wire and tube drawing operation, at Durham has been run down.

WIGFALL DEFENCE NEXT WEEK

The Board of **Henry Wigfall**, the TV and electrical appliance retailers on the *receiving end of* an unwelcome take-over bid from **Comet Radiovision**, is expected to send out a comprehensive defence document to its shareholders early next week.

A Comet document despatched at the end of last month, which said that Comet did not believe that Wigfall assets were being put in proper use "either in your *interests or in those of the consumer,*" is likely to be countered by a profit forecast for the current year and an indication of profitability in 1978-79.

The Wigfall Board is known to held around a third of the equity with certain back from associates and family holdings amounting to a further 10 per cent.

UME/ALLIED

The cash offer by **United Medical Enterprises** for the share capital of **Allied Investments** has become *unconditional.*

Acceptances have been received in respect of 7,832,021 Ordinary sares of 3p each (56.3 per cent. of the issued capital for which the offer is made). Together with shares acquired by UME during the offer period, UME now holds 38.6 per cent. of *the Ordinary capital of Allied in* issue and to be issued.

The offer will remain open for acceptance until further notice.

HAMILBORNE GETS APPROACH

Hamilborne, the brick manufacturer which made an abortive *reverse takeover for civil* engineer Reed and Mallik last year, has received a bid approach *itself from an unnamed private* company.

Mr. Dennis Barkway, chairman of Hamilborne who, together with Energy, Finance and General Trust where he is also chairman, owns 29.9 per cent. of the Hamilborne shares, said yesterday that preliminary discussions now in progress "may lead to an offer being made for the whole of the share capital. One of the conditions being discussed would be *that the offeror receives* acceptances of not less than 51 per cent. of the Ordinary capital and that the intimated offer price would be approximately 48p *per share."*

This places a price tag of £752,471 on Hamilborne, which compares with a market valuation of £658,412.

In the last balance sheet for the year ended December 31, 1976, there were net assets, excluding intangibles, of 40.4p a share. Hamilborne's pre-tax profits had shown a dramatic turnround for *the six months ending June 30,* 1977, from £7,742 to £104,047.

Commenting on the approach, Mr. Barkway added yesterday: *"We are concerned that the offer to be made to us should be made to all shareholders on the same* basis."

BURNTISLAND STAKE CHANGES HANDS

A FRENCH steel fabrication group, **France Entreprises**, has acquired a 25 per cent. shareholding in **Burntisland Engineers and Fabricators**, *the Scottish east coast* module builders.

The two companies announced yesterday that they are establishing a joint marketing company in London to contract for work on a worldwide basis.

France Entreprises employs about 3,000 people between its fabrication shops in Eastern France and module yard at Caen in Normandy.

The Burntisland yard, employing 450, is 75 per cent. owned by British Shipbuilders through the nationalisation last year of Robb Caledon at Dundee. The 25 per cent. stake acquired by the French company was formerly owned by a consortium of banks and shipping interests.

TUSSAUD'S

Cazenove and Co. on Friday bought 80,000 **Madame Tussaud's** at 63p for a subsidiary of **S. Pearson and Son.**

SHARE STAKES

Crosby Spring Interiors—On February 2 Mr. N. G. Clayton has sold and Mr. E. A. Crosby has bought 500,000 shares. Concurrently, Mr. E. A. Crosby has agreed to sell 250,000 shares between the following directors and *their families*—Mr. J. H. Campbell, Mr. D. R. Baxendell, Mr. W. O. Warburton and Mr. A. J. Webster.

Wight Construction Holdings—Mr. J. C. Scott has disposed of 30,000 Ordinary shares and now holds 350,394 (24.1 per cent.).

Derritron—Amalgamated Industrials Holdings has purchased a further 2,500 Ordinary shares bringing its total *holding* to 9,919,295 (82.9 per cent.).

Harrisons Malayasian Estates—Harrisons and Crosfield now holds 28,557,663 (17.1 per cent.) shares following the purchase of 400,000 over the period January 27 to February 2.

Harcros Investment Trust—Rothschild Investment Trust is now beneficially interested in 1,306,500 (6.67 per cent.) 10p stock units.

Anglo American Asphalt—County Bank has disposed of 52,500 Ordinary shares and now *holds 207,338 (4.81 per cent.).*

Pontin's chief to stay

Sir Fred Pontin, founder, chairman and managing director of the Pontin's hotels and holiday villages group, is to stay on with the group at an unchanged salary of £50,000 a year should **Coral Leisure** succeed with its agreed offer for the company.

Shareholders of Pontin's, who are to receive 4 Coral shares—*112p each yesterday in the market*—plus 240p cash for every 17 Pontin's shares held, are also told in the official document of a capital reorganisation. It is now proposed, *subject to the bid going* through, that Pontin's shareholders receive one new Pontin's share for every one held and that the old shares be converted into *new 5 per cent. non-cumulative* Preference shares of 10 each. The new proposals will make no difference to the value of the terms of the offer, but will bring considerable savings in stamp duty.

The end result is that the offer is worth 68p in cash for every 17 existing Pontin's shares and 4 Coral shares, plus 172 cash, for every 17 new Pontin's shares after the capitalisation issue.

Shareholders are told by Sir Fred in an accompanying letter *that the Pontin's Board regards* Coral as "a well managed company" and that the merger will produce a group which will be a major force in the leisure *industry. He goes on to say that* "Coral will contribute a strong cash flow from its bookmaking and casino operations and Pontin's will contribute substan*tially to the asset base of the* enlarged group.".

The Board, together with financial advisers Kleinwort Benson, are recommending acceptance of the terms.

See Lex

EPICURE/SLEA DEAL PASSED

Shareholders of **Epicure** at an EGM yesterday cleared the way for **Slea Holdings** to gain control of the company through a reverse *takeover bid.*

Shareholders approved terms of the deal under which Epicure is offering 12.5m. new Deferred Ordinary shares in return for *Slea, owned by the Brealey* family, which will then hold a 65 per cent. stake in the enlarged group.

Shareholders also approved *plans for a one-for-two scrip* issue and a prospectus will be sent to shareholders to-morrow.

MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 6½ per cent. (since January 6, 1978)

Nervousness about the U.K. labour situation and the future rate of inflation continued to dominate the London money market yesterday, leading to vague fears that a sharp rise in Bank of England Minimum Lend*ing Rate is at least a possibility* in the near future. Short-term money remained freely available, but the longer end of the market reacted unfavourably, with the one-year sterling certificate yield rising *to* 7¾-7⅝ per cent. from 7½-7⅝ per cent.

The future trend in Minimum Lending Rate is likely to be strongly influenced by the attitude of the authorities, and their willingness to purchase bills from the houses to relieve any day-to-day shortage of money. The Bank of England was happy to buy bills yesterday to relieve a moderate shortage, and the *amount of help was probably* slightly overdone.

The authorities bought a moderate amount of Treasury bills from the discount houses, and a small number of local authority bills.

Bank balances were a long way up over the week-end, and the market was also helped by a fairly large excess of Government disbursements over revenue payments to the Exchequer, and a *slight fall in the note circulation.* On the other hand there was a very slight net take-up of Treasury bills, and another adverse factor was the call on 10½ per cent. Treasury 1999.

Discount houses paid 5½-5⅝ per cent. for secured call loans at the start, and closing balances were taken at 4-4½ per cent.

Rates in the table below are nominal in some cases.

Feb. 6 1978	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ✦	Eligible Bank Bills ✦	Fine Trade Bills ✦
Overnight	—	4-6½	—	—	—	6-6½	4-5½	—	—	—
2 days notice	—	—	5⅞-6¼	—	—	—	—	—	—	—
7 days or 7 days notice	—	5¾-6⅛	6-6¼	—	6⅝-6½	6⅛	5½-5¾	—	—	—
One month	[illegible]-6⅛	6⅛-6⅜	6⅞-6⅛	6⅞-6⅝	6¼-6¾	6⅝	5¾-6	[illegible]-5⅞	6⅛	6⅞
Two months	[illegible]	6⅝-6½	—	6¾-6⅝	6⅜-6⅞	—	6	[illegible]	[illegible]	6¾-6⅞
Three months	6⅝-6½	6½-6¾	6⅝-6½	[illegible]	6⅝-7	6¾	6⅛	[illegible]	[illegible]	6⅝-6¾
Six months	7⅛-7	7-7⅛	6⅞-7	7⅛-6⅞	6¾-7⅛	—	—	—	6⅛-6¾	6⅝-6⅞
Nine months	[illegible]-7⅜	7¼-7½	—	8-7⅛	8	—	—	—	—	—
One year	7¾-7⅝	7½-8⅛	7¾	8⅛-7¾	8¼	—	—	—	—	—
Two years	—	—	8⅝-8⅞	—	—	—	—	—	—	—

*Local authorities and finance houses seven days' notice, others seven days' fixed. *Longer-term local authority mortgage rate nominally three years 9¾-10 per cent.; four years 10⅛-10⅜ per cent.; five years 10⅜ per cent. ✦Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 6¼-6⁹⁄₁₆ per cent.; four-month trade bills 6⅞-6⅞ per cent.*

Approximate selling rate for one-month Treasury bills 5²⁵⁄₃₂-5¹³⁄₁₆ per cent.; two-month 5²⁷⁄₃₂-5⅞ per cent.; and three-month 5²⁹⁄₃₂ per cent. Approximate selling rate for one-month bank bills 6 per cent.; two-month 6¹⁄₁₆ per cent.; and three-month 6⁷⁄₃₂-6⅛ per cent. One-month trade bills 6⅞ per cent.; two-month 6⅝-6⅞ per cent.; and also three-month 6¾-6⅞ per cent.

Finance House Base Rates (published by the Finance Houses Association): 7 per cent. from February 1, 1978. **Clearing Bank Deposit Rates** (for small sums at seven days' notice) 3 per cent. **Clearing Bank Rates for lending** 6½ per cent. **Treasury Bills:** Average tender rates of discount 5.9875 per cent.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on February 6, 1978. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate, no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (ex/C) exchange certificates rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling
Afghanistan Afghani	78.00	Germany West Deutschmark	4.08¾	Paraguay ... Guarani	241.38
Albania ... Lek	(O)10.10(A) n.a.	Ghana (S) ... Cedi	2.19(sg)	P'p'e's D. Rp of Yemen (S) S. Yemen Dinar	(A)0.662[illegible]
Algeria ... Dinar	7.850852	Gibraltar (K) Gibraltar £	1.00	Peru ... Sol	exc(A)[illegible]
Andorra ... French Franc	9.555	Gilbert Is. ... Aust. Dollar	1.70186	Philippines ... Ph. peso	14.290
Andorra ... Spanish peseta	157.10	Greece ... Drachma	70.2785	Pitcairn Is. (S) £ sterling / New Zealand $	1.8845
Angola ... Kwanza	n.a.	Greenland ... Danish Kroner	11.08		
Antigua (S) ... E. Caribbean $	5.240	Grenada (S) ... E. Caribbean $	5.240		
Argentina ... Ar. Peso Free Rate	1252	Guadaloupe ... Local Franc	9.555	Poland ... Zloty	(Cm)[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa. † Rupees per pound. ‡ The Ouguiya has replaced the CFA franc. The exchange was made at a rate of CFA Frs.5 to one unit of the new currency.

§ Afars and Issas now Djibouti. ¶ General rates of oil and iron exports [illegible]. ** Based on cross rates against Russian rouble. †† Rate is the Transfer market (controlled). ‡‡ Rate is now based on 2 Barbados $ to the dollar. ¶¶ Now one official rate.

Distillers to boost gin output

BY KENNETH GOODING

DISTILLERS COMPANY is to pend £4.7m. at its Wandsworth istillery in London to increase apacity by 50 per cent. to help neet demand for its gin brands.

The distillery is operated by Distillers' subsidiary John Watney and Co. It produces rain spirit for the gin rectifying ompanies within the group which include Gordon's and Booth's.

Completion of the project in 979 will involve a stillhouse to ccommodate a system incor orating eight distillation olumns.

The distillery employs about 50 people and four or five more night be needed when the chemes completed.

Distillers will not give details of the existing capacity, in line with its usual refusal to give distillery capacity figures.

The group says demand for Gordon's gin, the largest-selling brand in the world, continues to increase and its market share is increasing. Unlike its sister company, Booth's, Gordon's restricts overseas production to relatively few territories—the U.S., Canada, South Africa and New Zealand.

Distillers maintains that its Tanqueray brand is the "fastest-growing imported gin in the U.S." and will also put increased demand on the Wandsworth distillery.

Do-it-yourself computer to cost £695

BY MAX WILKINSON

PERSONAL computer costing 695 was launched yesterday med at hobbyists, do-it-yourself nthusiasts, scientists and small usinessmen.

It is a portable machine which ooks like a typewriter with a mall television screen on top f it. A tape cassette deck using andard tapes is used for stor g information or loading pro rams.

The maker, Commodore Busi ess Machines, says that the ome computer, named PET, is popular that it already has a aiting list of customers.

The company says that it ex ects the computer to be used by eople who want to teach them elves about programming, as instructor in scientific or her subjects, for sophisticated V games, as a calculator and r domestic accounting and ling.

A standard 120 minute cassette will store the equivalent of about 70,000 written words, the size of a medium length novel.

The company is expecting the market to broaden quickly from hobbyists and enthusiasts to schools and other educational establishments.

Commodore is also to market programs, expected to cost about £6 for a tape, with one program on each side. It is also expecting clubs of users to form and swap information and programs.

Extra items, such as a printer and fast access disc memory units are expected to be available eventually. The machine also has plugs for use by do-it-yourself enthusiasts who wish to program the machine to control lights, electrical appliances or answer the telephone.

Hotel expects big saving from computerised system

THE LONDON Tara Hotel yesterday unveiled what it claimed be the first complete com terised hotel management d booking system in the nited Kingdom.

The system, which cost 50,000 to instal, is expected produce savings of about 00,000 a year, Mr. Eoin Dil n, the hotel's manager, said. ost of the saving would come om a reduction of staff of about , from the total of 450.

There would also be savings om more efficient booking of e 850 bedrooms. The £8m. tel, owned by Aer Lingus, had turnover last year of £5.5m.

The computer system is con lled by a tiny microprocessor, tenth of the size of a postage amp. Including memory stores, wer supply and other equip ent, the twin computers occupy e space of about three filing binets.

The system keeps an up-to-date t of which rooms are occupied d which are ready for re tting, handles all the customers' lling, automatically calculates lephone charges, and will give e telephonist an alphabetic list guests with their room umbers.

The computer will also store mple messages for guests such "ring your wife," or alert the ception that a letter is waiting. It operates somewhat on the nes of airline reservation stems with a keyboard and levision screen. The system as installed by Cara Consulting Aer Lingus subsidiary.

The software (program) pack e is Datahost supplied by Sigma Data Computing Corporation of Rockville, Maryland, and the hardware was supplied by Four Phase Systems, a U.S. micro-computer company.

Boot and shoe imports up last year

Financial Times Reporter

FOOTWEAR imports in the first 11 months of last year, at 101.5m. pairs, were 15.5 per cent. higher in volume than in the same period of 1976. Their value, £199.1m., was 34.1 per cent. higher, according to statistics by the British Footwear Manufacturers' Federation.

Imports from Hong Kong accounted for 22 per cent. of total pairage imports, followed by Italy with an 18 per cent. share and Taiwan with 12 per cent.

Footwear exports in the same period were 19.2m. pairs, valued at £93.8m. This was 16 per cent. higher in volume and 53.3 per cent. higher in value than in the first 11 months of 1976.

Minister flies in

MR. ROLF HANSEN, Norwegian Minister of Defence, flew to Britain yesterday as the guest of Mr. Fred Mulley, the Defence Minister. Mr. Hansen is to spend five days in Britain, returning the visit paid by Mr. Mulley to Norway last year.

Public Works Loan Board rates

Years	Quota loans repaid by EIP†	by EAR‡	at maturity	Non-quota loans A* repaid by EIP†	by EAR‡	at maturity
Up to 5	9¾	9⅞	10¼	10¼	10½	11
Over 5, up to 10	10½	10¾	11¼	11	11¼	11½
Over 10, up to 15	10¾	11⅛	11½	11¼	11⅝	12
Over 15, up to 25	11⅛	11¼	11½	11⅞	12	12¼
Over 25	11¼	11⅞	11½	12⅛	12¼	12½

* Non-quota loans B are 1 per cent. higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Equal repayments. Effective from February 4.

1st March 1978 Redemption

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

U.S. $50,000,000 7½% LOAN 1987

REDEMPTION OF BONDS

Anglo American Corporation of South Africa Limited announces that for the redemption period ending on 1st March 1978 it has purchased bonds of the above loan for U.S.$1,255,000 nominal capital which have been duly cancelled.

The nominal amount of bonds to be drawn for redemption at par on 1st March 1978 to satisfy the current redemption obligation is accordingly U.S.$245,000 and the nominal amount of this loan remaining outstanding after 1st March 1978 will be U.S.$47,000,000.

DRAWING OF BONDS

Notice is accordingly hereby given that a drawing of bonds of the above loan took place on 25th January 1978 attended by Mr. Keith Francis Croft Baker of the firm of John Venn & Sons, Notary Public, when 245 bonds for a total of U.S.$245,000 nominal capital were drawn for redemption at par on 1st March 1978, from which date all interest thereon will cease.

The following are the numbers of the bonds drawn:

151	205	864	378	832	1006	1253	1733	2360	2610
3387	3609	3817	3937	4088	4125	4332	4389	4424	4527
4578	4823	4900	5547	5555	5641	6315	6432	6475	6528
6583	6899	7514	7893	7921	7947	8239	8882	9361	9509
9561	10180	10239	10248	10700	11495	11555	11563	11942	12232
12256	12275	12318	12431	13020	13230	13447	13613	13699	13740
13761	13824	13827	14167	14169	14183	14258	14340	15237	15284
15379	15444	15558	15629	15777	16328	16361	16531	16629	16752
16756	16770	16923	17028	17284	17324	17329	18022	18068	18085
18301	18325	18481	18553	18819	18913	19583	19947	20167	20673
20859	21169	21196	21287	21799	21874	21911	21914	22177	22210
22341	22363	22833	22898	23041	23047	23120	23184	23214	23358
23414	23415	23728	23741	23886	24025	24858	24911	25176	25561
25712	25744	25817	25837	25875	26300	26320	26448	26450	26517
26630	27002	27238	27282	27532	27885	27768	27963	28190	28248
28580	28658	28877	28946	29107	29557	30115	30236	30675	31340
[illegible]	33061	33065	33169	33404	33606	33700	33872	[illegible]	33220
[illegible]	34063	34208	34827	34884	34969	34932	35094	35349	35817
[illegible]	36136	36234	36698	36966	36924	36949	37399	37449	37475
[illegible]	38330	38496	38887	39206	39269	39608	40654	40990	41157
[illegible]	41453	41583	42078	42292	42331	42428	42521	42668	42755
[illegible]	43659	43652	44089	44078	44576	44707	45048	45049	45432
[illegible]	45671	46896	46236	46285	46379	46482	47065	47098	47102
[illegible]	47367	47451	47963	47977	48117	48124	48135	48180	48249
[illegible]	49264	49290	49498	49677					

Witness: K. F. C. Baker, Notary Public.

The above bonds may be presented for redemption at par on or after 1st March 1978 at the offices of the paying agents named on the coupons for payment in the manner specified in Condition 6 of the Terms and Conditions of the bonds. Each of these bonds when presented for redemption must bear the coupon dated 1st March 1979, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the sum to be repaid.

Principal Paying Agent: N. M. Rothschild & Sons Limited, New Court, St. Swithin's Lane, London EC4P 4DU.

7th February 1978

BUSINESS AND INVESTMENT OPPORTUNITIES

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Cefis makes final break with Montedison

By Paul Betts

ROME, Feb. 6.

SIG. EUGENIO CEFIS, the *former chairman of the giant* Italian chemical conglomerate Montedison who controversially resigned last year, has now also stepped down as chairman of the company's Zurich-based Montedison International Holding.

Sig. Mario Schimberni, the Italian company's deputy chairman, will now head Montedison International Holding, the Milan chemical group said over the week-end. Montedison International Holding currently has a share capital of Sw.Frs.200m. and groups together Montedison's foreign interests.

The resignation of Sig. Cefis from the Zurich company breaks *his last remaining* link with the conglomerate he headed for about five years, and completes the internal reorganisation of the group.

This reorganisation has been to a large *measure* politically inspired as the mixed private-State group has of late increasingly represented a major point of contestation between the country's political forces and the group's large private shareholders.

Montedison, Italy's largest chemical group, currently faces acute financial difficulties and has seen its *total* indebtedness rise to more than L3.000bn., or about \$3.45bn. It is now seeking an urgent injection of fresh capital and approval for a wide-ranging restructuring programme to include, it is understood, a substantial number of redundancies.

A number of other major Italian chemical companies, including *Societa Italiana Resine* and Liquigas, are also facing serious financial difficulties, and the Italian banking system, which has extended substantial credits to these concerns, now appears to be formulating financial *salvage proposals* for these companies. These include the formation of banking consortiums to take over the control of the troubled companies and devise a restructuring programme.

Such *proposals*, however, not only depend on the outcome of the current government crisis here but also on the broader proposals for the sector now being formulated at European Community level.

Usinor warns of bigger losses for 1977

BY DAVID CURRY

PARIS, Feb. 6.

SHAREHOLDERS IN Usinor, France's leading steel concern, have been warned that 1977 results will be even worse than the previous year's and that there is virtually no hope of a return to profits in 1978.

M. J. Hue de la Colombe, the Usinor chairman, does, however, manage to extract a little joy out of the situation by commenting *favourably on the EEC* measures to tax imports and lift prices on the domestic market. In fact, prices in France have probably risen by around 15 per cent. from their low point of last year.

In 1976 Usinor produced 7.9m. tonnes of steel and recorded a loss of Frs.1.24bn. (\$250.5m.) the previous year it had output of 7.1m. tonnes and its losses were Frs.1.22bn. Last year, according to the chiarman, output was only 6.8m. tonnes.

The heavy charges involved in the sharp reduction in the workforce by some 5,000 during the course of the year have weighed on the results since the system of early retirement, which has been the main vehicle for reducing the workforce, is expensive. The main cut-back during the year has been at Thionville in Lorraine, where the blast-*furnace and the main parts of* the mill have been closed down, cutting the workforce from more than 4,000 to 1,400 and, eventually, to fewer than 900.

This reduction is part of the recovery programme agreed with the state involving modernisation of installations and cutting of the workforce. The company has received around Frs.750m. in state loans towards this target over the past year.

The Louvroil plant and the blast furnace and mill at Valenciennes in the north have also been casualties of the recession, leaving the main centre of Usinor around its modern installations at Dunkerque.

* * *

THE FRENCH Michelin group, which is the world's third ranking tyre-maker after Goodyear and firestone of the U.S., expects to finalise plans this year *to boost its foreign activities.*

Already well established in North America, with about 5 per cent of the U.S. and 10 per cent. of the Canadian markets, and in Europe with 33 per cent. of the market, Michelin is reported to have received agreement in principle to set up manufacturing facilities in Brazil.

The facilities, involving a capital outlay of some Frs.750m. will be set up in the state of Rio. AP-DJ

Five U.S. companies for EOE

BY CHARLES BATCHELOR

AMSTERDAM, Feb. 6.

AMERICAN companies will dominate the market-making activities of the European Options Exchange (EOE), according to the initial list of members. Five of the seven companies which have been accepted by the Exchange as members are from the U.S., while the remaining two are *Dutch*.

Market-makers are one of the *four categories of membership* open and they form the core of the EOE's activities, making a continuous market in the option classes to which they are assigned. This development is not unexpected in view of the *experience which American firms* have of the U.S. options markets and this weighting is expected to be redressed when further applications for membership have been approved, the Exchange said.

The U.S. market-makers are: Ronald J. Block, of Glencoe Illinois; David H. Wallach, of Philadelphia; and Bruce M. Pollock, Price and Co., and Harrison Propp International, all of Chicago. Dutch market makers are *Hobijn en van Vliet* and Verkerk en van Wijk.

British participation has been *limited while details of the* application of foreign exchange regulations are clarified with the Bank of England. Barclays Bank International and W. I. Carr Sons, together with First Options of Chicago are represented through First Options of Amsterdam as clearing members, while W. I. Carr's Hong Kong office is a public order member. Sebag Bermuda Holdings, a subsidiary of London stockbrokers Joseph Sebag, is a public order and floor broking member.

There are no German companies in the list of 52 public order members, 21 floor brokers, seven market makers and 10 clearing members.

Apart from the seven American firms listed as public order members, including Hutton International through its Geneva office and Merrill Lynch through its Paris office, French firms are most heavily represented. Banque Jordaan, Banque Rothschild, Societe Generale and Gerard *Stevenin are public order* members while Stevenin is also a floor broker and Rothschild a clearer.

Bondspartners of Lausanne, Kreditanstalt-Bankverein of Vienna and Kredietbank and Martelaere and Co., both of Belgium, are public order members.

The major Dutch banks and broking houses are well represented in all categories of membership with the exception of market makers.

EUROBONDS

A shade easier in the sterling sector

BY FRANCIS GHILES

YESTERDAY WAS, as Mondays usually are in the bond market, a quiet day. Prices in the sterling sector were, if anything, a shade easier. However, because of good demand, the Sears issue was priced, a few days earlier than expected, at par. Conditions were otherwise unchanged.

The dollar sector was quiet but firm.

Avco Overseas Capital Corporation will float a \$25m. note due 1985 with an indicated coupon of 9¼ per cent. through a group of banks led by Kidder Peabody. A *purchase fund* will reduce the average life of the bonds to six years. The notes are guaranteed by Avco Corporation, a diversified U.S. company which is rated BAA by Moody's.

This is the first time this sub*sidiary of Avco Corporation has* borrowed in the Eurobond market. Previously another subsidiary, Avco Financial Services, had been used by the parent company.

In the D-Mark sector, despite some centres being closed for carnival, business was said to be good, with prices in the secondary market up by as much as a quarter of a point on some names. The Argentina issue, the amount of which was last week increased to DM150m. and coupon cut to 6½ per cent. was priced at 99½, as indicated. The lead manager is Deutsche Bank.

The Republic of Iceland has *privately placed a Y5bn. 12-year* 7.3½ per cent. bond. This operation was arranged by Nikko Securities and the bond was priced at 99½. Meanwhile the Brazilian Banco Nacional de Desenvolvimiento Economico is *expected to float a yen bond this* spring and other Brazilian borrowers could follow. In the Swiss franc sector, Pechiney Ugine Kuhlmann (PUK), the French chemical group said it intended to recall a Sw.Frs.100m. bond issue.

The 5.5 per cent. bonds, due 1978 are to be repurchased in May. PUK said it wanted to lighten its Swiss franc indebtedness and intended to float bond issues in other currencies on the same date.

Euroclear Clearance System Limited aims to extend its activities to include the clearance of domestic yen issues by foreign *borrowers, Morgan Guaranty* Trust, which manages Euroclear, told Reuter. The bank confirmed that there was strong demand from Euroclear's non-Japanese customers to clear these bonds as well as the Euroyen issues it already *handles*. A decision should be made in the next month.

Setback for Schauman

By Lance Keyworth

HELSINKI, Feb. 6.

OY WILH. SCHAUMAN AB's preliminary report for 1977 shows a 10 per cent. improvement in consolidated sales to *FM890m. (\$226m.)*. The parent company's sales also increased by 10 per cent. to FM715m.

However, the result was not good enough and the company recorded a loss on the fiscal year. This was due to interest costs and under-utilisation of capacity at its major new investment in the Pietarsaari Paper Mill.

AMERICAN NEWS

Donaldson Lufkin lifts rates for institutions

By Our Own Correspondent

NEW YORK, Feb. 6.

DONALDSON, LUFKIN and Jenrette has boldly stepped out of the Wall Street line and set an example many other securities firms would like to follow by raising its brokerage commissions to institutional clients.

The increases, which will be not less than 14 per cent., are an attempt to halt escalating losses on institutional business following the abandonment of fixed charges in May, 1975.

Donaldson puts its losses since then at \$19m. of which \$9.6m. was incurred last year when the company's profits fell 92 per cent. to \$275,000. However, there were serious doubts on Wall Street this morning as to whether Donaldson could hold its new price levels without other brokerage houses, in particular Merrill Lynch Pierce Fenner and Smith, following suit.

Annual figures recently published by Merrill Lynch and the handfull of other publicly owned securities firms indicates the last year was an abysmal one for Wall Street and that the sharply increased competition for institutional business is hitting revenues. Donaldson has been executing business at 46 per cent. below the old fixed price schedule and has *told its* institutional clients that in the future "at no time will we execute an order at a discount greater than 40 per cent. of the old pre-May, 1975 rate."

In addition, Donaldson says that it will not discount the portion of a trade in which it acts as principal and that it will not discount at all in trades where it is principal for more than 25 per cent. of the value. In such principal transactions, the securities firm buys stock from a client for its own account when another buyer cannot be readily found in the open market.

Donaldson's move follows an average 7 per cent. increase in charges to retail customers introduced at the beginning of last month by Merrill Lynch

Hershey lifts Marabou stake

HERSHEY, Feb. 6.

HERSHEY Foods has purchased an additional 4 per cent. interest in AB Marabou, a Swedish confectionery company, for \$330,000. Hershey said this increased its interest in Marabou to 20 per cent. AP-DJ

Director quits Columbia Pictures after scandal

BY JOHN WYLES

NEW YORK, Feb. 6.

MR. DAVID BEGELMAN has resigned as president of Columbia Pictures' motion picture and television units after a whiff of scandal which split the parent company's Board and depressed its share price.

Mr. Begelman has been given much of the credit for film making which has turned Columbia round from a \$50m. loss in 1973 to projected earnings of around \$30m. for the year to next July.

But the 56-year-old former agent plunged the company into one of the most controversial periods of its history last October when it was learned that he was being given leave of absence pending an investigation into allegations of embezzlement.

On December 19, Columbia announced that he was being reinstated following the investigation which had established that between January, 1975 and May 1977, Mr. Begelman "obtained through improper means corporate funds in the amount of \$61,000 for his personal benefit."

Columbia claimed that these acts were an aberration brought on by emotional problems which were being treated and which would not "impair his continuing effectiveness as an executive."

Although a majority of the Columbia Board, supported by many members of the Hollywood film community, thought that Mr. Begelman's achievements fully justified this demonstration of confidence, his reinstatement caused astonishment elsewhere. Subsequent newspaper reports linked Mr. Begelman with alleged forgeries of cheques made out to the actor Cliff Robertson and to director Martin Ritt, and at the end of last week Mr. Begelman was closeted for two days of talks on his future with Columbia's president Mr. Alan Hirschfield.

With Columbia's share price trading at \$5 below its price before Mr. Begelman's reinstatement, it appears that Mr. Hirschfield has finally carried the day, having been in a minority in opposing Mr. Begelman's return in December.

Mr. Leo Jaffe, Columbia's chairman said to-day that the company had had "every reason" to believe that it could return to normal business after Mr. Begelman's reinstatement. However, rumours and speculation had continued in the Press and Mr. Begelman had tendered his resignation "with the view that we must resume a more normal atmosphere for *Columbia*."

Ironically, Columbia's excellent financial prospects for this year stem mainly from the success of "close encounters of the Third Kind." Mr. Begelman reportedly dissuaded the company's Board from seeking a partner to meet half of the film's \$19m. production costs, although a \$7m. stake was eventually sold to outsiders.

Meanwhile, Mr. Arthur Krim announced to-day that he and four other executives who resigned from United Artists this month are to form their own company. The resignations stripped United Artists of its sensior management which had been involved in major policy differences with the parent company, Transamerica Corporation.

Becton sues Sun on purchase

RUTHERFORD, Feb. 6.

BECTON DICKINSON has filed a suit against Sun Co. Inc. and others, charging that Sun's acquisition of 34 per cent. of its shares constituted an illegal tender offer, violated numerous Federal Securities Laws and involved breaches of fiduciary duties under state law.

The suit, filed in Federal Court *in Manhattan, asks the Court for* a series of steps to provide relief from "irreparable harm" caused by Sun and the other defendants.

Becton Dickinson said the suit seeks, among other things, a declaration that Sun's purchases were *unlawful under the* Williams Act and asks for damages and an injunction barring Sun from voting its Becton Dickinson shares.

The suit also asks that Sun divest itself of those shares or make a lawful tender offer to all shareholders at a price of at least \$45 a share, with provisions for withdrawal rights for the shares already acquired and other terms that will "purge Sun of the advantages it gained by its illegal acquisition of shares."

This action would allow all Becton Dickinson shareholders the opportunity to have competitive offers and tax-free transactions for their shares, the company said.

Named as defendants in addition to Sun are Fairleigh S. Dickinson Jr. and J. H. Fitzgerald Dunning—both directors of Becton Dickinson. Salomon Brothers and F. Eberstadt and Co. Inc., which through an affiliate is investment advisor to the Chemical Fund Inc. and the Surveyor Fund Inc., were also named, as were the Funds.

Becton said the suit alleges that Sun's tender offer of \$45 a share "*was made to a substantial* number of Becton Dickinson shareholders consisting of corporate insiders and Wall Street professionals, selected large institutions and hundreds of persons who had direct or indirect interest in the shares held by such institutions."

Agencies

Texasgulf setback

STAMFORD, Feb. 6.

TEXASGULF Inc. which recently announced net income for 1977 of \$46.2m. compared with \$60.8m. on sales of \$482.6m. compared with \$480.5m., commented that declining sales in zinc, copper and fertilisers were partly offset by soda ash sales and improved revenues from silver, sulphur and oil and gas in 1977.

Operating costs in 1977 were up substantially. Custom smelting and refining charges for copper and silver were about 50 per cent. higher under a new contract. Gas costs for sulphur and mining costs for phosphate increased because of difficult conditions encountered in the first half of 1977.

The August shut-down of the zinc plant and its subsequent operation at 75 per cent. of productive capacity and a 30 per cent. reduction in Frasch sulphur production in the third and fourth quarters conserved cash and stabilised inventory levels but resulted in increased unit production costs.

Foreign currency translations contributed \$4.1m. to income before taxes in the year 1977 because of the weakness in the Canadian dollar, compared with a charge of \$2.6m. in 1976.

Agencies

U.S. QUARTERLIES

AMER HOSPITAL SUPPLY CPN.

Fourth Quarter	1977 \$	1976 \$
Revenue	399.4m.	356.5m.
Net profits	23.4m.	21.5m.
Net per share	0.60	0.55
Year		
Revenue	1.5bn.	1.3bn.
Net profits	77.9m.	66.3m.
Net per share	2.01	1.72

MACMILLAN INC.

Fourth Quarter	1977 \$	1976 \$
Revenue	153.0m.	147.7m.
Net profits	9.2m.	8.2m.
Net per share	0.72	0.64
Net share dil.	0.69	0.61
Year		
Revenue	512.7m.	493.4m.
Net profits	19.4m.	17.5m.
Net per share	1.51	1.36
Net share dil.	1.46	1.31

OWENS-ILLINOIS

Fourth Quarter	1977 \$	1976 \$
Revenue	*	*
Net profits	*	*
Net per share	0.56	0.74
Year		
Revenue	2.77bn.	2.57bn.
Net profits	91.3m.	106.7m.
Net per share	3.09	3.42

* Unreported.

SUNDSTRAND

Fourth Quarter	1977 \$	1976 \$
Revenue	167.0m.	149.0m.
Net profits	10.9m.	8.0m.
Net per share	1.52	1.17
Year		
Revenue	649.9m.	594.3m.
Net profits	32.5m.	30.0m.
Net per share	4.62	4.42

HOUSTON INDUSTRIES

Fourth Quarter	1977 \$	1976 \$
Revenue	257.8m.	208.2m.
Net profits	30.8m.	23.4m.
Net per share	1.07	0.88
Year		
Revenue	1.07bn.	841.6m.
Net profits	125.6m.	105.3m.
Net per share	4.41	4.01

NORTH AMER. PHILIPS

Fourth Quarter	1977 \$	1976 \$
Revenue	533.9m.	488.9m.
Net profits	22.2m.	20.8m.
Net per share	1.72	1.62
Year		
Revenue	1.92bn.	1.72bn.
Net profits	61.2m.	57.4m.
Net per share	4.75	4.49

QUAKER OATS

Second Quarter	1978 \$	1977 \$
Revenue	441.2m.	397.1m.
Net profits	14.0m.	14.8m.
Net per share	0.67	0.72
Six Months		
Revenue	865.0m.	791.3m.
Net profits	29.2m.	38.5m.
Net per share	1.40	1.86

TEXAS INSTRUMENTS

Fourth Quarter	1977 \$	1976 \$
Revenue	574.6m.	470.9m.
Net profits	32.1m.	29.3m.
Net per share	1.41	1.28
Year		
Revenue	2.04bn.	1.65bn.
Net profits	116.6m.	97.4m.
Net per share	5.11	4.25

Swedish pension fund fall

By William Dullforce

STOCKHOLM, Feb. 6.

THE VALUE of the Swedish National Pension Fund's stock exchange investments fell by 16.7 per cent. last year. This was marginally greater than the 16 per cent. decline in the Affarsvarlden General *Index* for the Stockholm exchange.

The 1977 annual report from the so-called Fourth AP Fund shows that by the end of the year it had utilised Kr.949m. of the Kr.1bn. (U.S. \$215m.) it has so far been authorised to place *in private shares and bonds*. It has sought Parliamentary permission to invest a further Kr.750m. The Capital Market Commission recommended last week that a fifth fund be set up to compete with it.

The value of the Fourth Fund's portfolio at the end of the year was Kr.771m. This compares with a value of Kr.704m. at the end of 1976, when the fund had placed Kr.728m. of its authorised capital.

The fund reports an income from dividends and interest of Kr.42.7m., compared with Kr.24.1m. in the previous year, and trading after gains of Kr.33m., against Kr.11m. The net profit after tax was Kr.25.8m. (\$5.5m.) compared with Kr.15.3m. The fund had a liquid reserve of Kr.112m. at the end of 1977.

It increased the number of Swedish companies in which it holds shares or bonds from 26 to 31 during the year. The newcomers were Bofors, ESAB, PLM, Holmen and Custos. A placement in Alfa-Laval was resold before the end of the year.

The fall in the price of the Volvo shares means that the largest holding, 11 per cent. of the fund's portfolio, is now L. M. Ericsson. The telephone company is followed by AGA (9 per cent.). Atlast Copco and Astra (each 8 per cent.) Colvo (7 perc ent.) and Sandvik (6 per cent.).

INTERNATIONAL FINANCIAL AND COMPANY NEWS

JAPANESE COMPANIES

Hitachi third quarter orders up

HITACHI LTD. said total orders received in the third quarter of fiscal 1977 ending next March rose 13 per cent. to Y397.9bn. ($164m.) from Y352.9bn. in the same 1976 quarter.

Overseas orders fell 14 per cent. to Y78.3bn., from Y91.3bn., due partly to the yen's appreciation in the foreign exchanges, the company said.

Total orders included Y119.1bn. of heavy electric machines, up 7 per cent. on the year, Y83.7bn. of electric home appliances, up 1 per cent., Y100.4bn. of communication and electronic equipment, up 35 per cent., and Y43.2bn. of industrial machines, up 2 per cent.
Reuter

Jusco scrip issue

JUSCO COMPANY, the supermarket concern, is to make a one-for-10 scrip issue to stockholders recorded as of February 20, reports AP-DJ from Tokyo.

Toray forecasts deficit

TOKYO, Feb. 6.

TORAY INDUSTRIES said its consolidated results for the year ending March 31 will be in deficit due to continued global stagnancy in the synthetic fibre industry and the yen's sharp appreciation.

In the previous year the company, which is the largest polyester maker in Japan and a leading manufacturer of synthetic fibre, earned $2m. on sales of $1.88bn.

The company added that it will continue efforts to reduce costs through rationalisation and product improvement, expand sales, promote textile business in Asia and step up exports of plants and technology.

Toray earlier reported a net loss of $22.14m. for the first half-year ended September 30, 1977, compared with a net profit of $17.12m. a year earlier.

In spite of improved turnover in the first half in products such as "Ecsaine" imitation suede, and polyester film, profits were hit by a price fall in synthetic fibres and textiles, which account for three-quarters of total business, and the steep rise in the value of the yen, Toray said.

● Toray and Toyobo Company said they are considering plans to scrap some nylon filament yarn mills to cope with the prolonged recession in the textile industry.

The firms said they have not worked out specific plans on how many mills will be scrapped.

At present, six Japanese firms manufacture nylon filament with a combined daily production capacity of 999 tonnes. But their operation is 20 to 30 per cent. below capacity, Toray said.

Arabian Oil in the red

ARABIAN OIL has announced a Y522m. ($2.16m.) net loss in the year to December 31—the first loss for the company—following a net profit of Y2.514bn. in the previous year due mainly to sluggish demand for its Khafji crude oil, the price of which was higher per barrel than Arabian heavy crude.

Sales in the year dropped sharply, by 44.9 per cent. to Y228.242bn. ($946m.) from Y414.138bn. in the previous year.

The price gap between Khafji crude and Arabian heavy has narrowed to $0.07 from $0.58 last July, but sales did not recover, reflecting slow demand for oil products, Arabian Oil said.

Business results for the current fiscal year are expected by the company to recover from the previous year because a special committee of the Organisation of Petroleum Exporting Countries (OPEC) is considering an adjustment of the price imbalances among heavy crude oils which may correct the $0.07 price gap between the company's Khafji crude oil and Arabian heavy crude.

Industry sources are predicting that Arabian oil will post a net profit of about Y3bn. in the current year, which ends on December 31.

The year-end dividend payment was cut to Y30 last year from Y60 in the previous year, but it will be raised to Y40 or Y50 this year.
AP-DJ

Volksbank limits Luxembourg offshoot

BERNE, Feb. 6

SCHWEIZERISCHE Volksbank, the fourth largest Swiss bank, did not allow its Luxembourg subsidiary, Banque Populaire Suisse SA (Luxembourg), to grow as fast as planned last year because of the low margins in Eurocredit business, Mr. Rudolf Bossbard, head office manager, told a Press conference.

High Eurodollar liquidity and strong competition between banks reduced the margins to the point where they are scarcely covering costs and where risks are too high, he said.

Thus the balance sheet total of the subsidiary, which was expected to double last year, grew only to around Sw.Frs. 700m. from about Sw.Frs.490m. at the end of 1976, though the growth expressed in Luxembourg francs was faster.

Mr. Bosshard said that the growth in Luxembourg business stemmed mainly from foreign currency advances to Swiss customers.

Swiss banks have an advantage in this type of business, as funds are available from foreign currency trustee deposits accepted in Switzerland, which makes them less dependent on the Euromarket for refinancing.

In general, Volksbank's foreign business will show cautious expansion in 1978, he said.

The bank proposes an unchanged dividend of Sw.Frs.80 on net 1977 profit of Sw.Frs.55.5m. ($28.5m.), compared with Sw.Frs.52.7m. last year.

The balance-sheet total rose Sw.Frs.791m. to Sw.Frs.12.13bn. last year.

Mr. Hans Frey, general manager, said that the greatest increase in earnings came from trading in foreign exchange and precious metals, where income rose Sw.Frs.5.6m. to SwFrs.36m.

Taken as a whole, however, gross income of the bank declined last year to Sw.Frs.693m. from Sw.Frs.708m. following a decline of Sw.Frs.18m. to Sw.Frs.484m. in interest earnings.

He declared that this shows how the fall in Swiss interest rates has affected the bank's interest margin, which slipped between 0.25 and 0.3 percentage points last year.

Mr. Eduard Liechti, general manager, added that the margin is not expected to recover this year as interest rates are likely to move still lower.

A further cut in the rates for savings and deposit accounts, as well as those charged on mortgages, will be announced in the next few weeks, he said, but details are not yet set.
Agencies

Bank Leu payment held on bigger capital

ZURICH, Feb. 6.

BANK LEU AG proposes a 1977 dividend of Sw.Frs.80, the same as for 1976. The bank's net profit was Sw Frs.15.2m. ($7.8m.) against Sw.Frs.14.6m.

Total assets rose Sw.Frs.544m. in 1977 to Sw.Frs.3.51bn. at the end of the year.

The dividend is on capital raised to Sw.Frs.60m. from Sw.Frs.50m. at end 1976.

Shareholders' equity rose to Sw.Frs.252m. from Sw.Frs.169m., a level which general manager Eugen Roesle said would permit balance sheet growth to around Sw.Frs.4bn. without requiring a capital rise.

Mr. Roesle said the bank will ask shareholders to approve the bank's right to use Sw.Frs.14.7m. of unissued participation certificates to secure conversion of convertible or option loans or to place them freely with the public.

This would allow the bank either to raise new funds on the capital market if conditions continue liquid, or to make an acquisition should an opportunity arise, Mr. Roesle said.

There are no concrete plans for this at present. Any capital market operation would come in the second half of the year, and any acquisition would be in the banking sector rather than an expansion of Bank Leu's existing travel agency business.
Reuter

INTERNATIONAL MERCHANT BANKING

Difficult year but Nordic Bank doubles profit

BY MICHAEL BLANDEN

NORDIC BANK, the City-based consortium banking group, reports sharply increased pre-tax profits of £2.21m. ($4.27m.) for the calendar year 1977, more than double the previous year's total of £910,000.

Commenting on the results Mr. Johan Melander, the chairman, says that the bank operated in difficult economic circumstances during the year. Inflation was moderated, but the industrialised world made little progress in solving other problems, in particular the level of unemployment, the lack of investment and the imbalances in world trade.

The nordic countries suffered from the general problems, and the profitability of most nordic companies declined. The bank continued to direct the major part of its lending to the support of nordic trade and industry, maintaining a balance between short and medium term lending.

The high level of international liquidity, the chairman says, led to intense competition for lending and a steady erosion of interest margins during the year. The bank maintained its commitment to the shipping industry, "while exercising great caution in the assessment of shipping loan proposals."

The bank's capital funds were increased from £18.5m. to £31.8m., partly as a result of the new capital and loan stock subscribed by Copenhagen Handelsbank, which became a 25 per cent. shareholder in July.

* * *

FIRST INTERNATIONAL Bancshares Ltd., the London-based merchant banking subsidiary of the Texan bank group of the same name, has reported pre-tax profits of £1.9m. ($3.7m.) for the year ended December 20, 1977, up from £1.3m. the year before. Total assets grew to £133m. ($257m.) from £116m.

The annual statement by the chairman and managing director of the bank said that "the specialist and project-related nature of the majority of the loans" enabled the bank to maintain the average margin on loans despite the increased competition among banks to lend.

The impact on earnings of the bank's problem loans "diminished in both absolute and percentage terms," the bank says, due to successful sales and rentals of underlying property.

"We continue to be pleased by the performance of our clients in the shipping industry."

Loan loss provisions amounted to 1.63 per cent. of total loans at the end of last year.

The bank said that it had developed a "new conceptual approach" to financing the developing of North Sea oilfields, which it hopes will bear fruit this year.

Rothmans Australia raises profits

By Laurence Stephens

SYDNEY, Feb. 6.

ROTHMANS of Pall Mall (Australia), one of Australia's three tobacco houses with additional interests in the wine industry, raised its net profit by 23 per cent., to $A2.81m. ($US3.2m.) in the six months to December 31.

Despite the Government's prohibition of cigarette advertising on television and radio which came into force late in 1976, directors pointed to higher sales of cigarettes in Australia as the main reason for a 25 per cent. revenue increase to $A162.1m. ($US184.9m.).

A company statement to-day noted that in order to meet the strong local demand, production had been running at record levels throughout the six-month period.

But the company's wine division did not fare as well. Rothmans reported what it described as a disappointing loss by its subsidiary, International Cellars (Australia) Pty. Ltd. This deficit was cushioned by a fivefold increase to $A250,000 in non-trading activities.

The result stands up well against those of the company's two competitors, Amatil (formerly British Tobacco) and Philip Morris (Australia) which reported mediocre growth in their tobacco divisions.

Rothmans has boosted its interim dividend from 9c to 10c a share, a move which will involve an outlay for the group of $A1.2m.

Profit was struck after an 18.1 per cent. increase in the tax bill to $A1.93m. This would have been higher by $A337,000 but for the trading stock valuation adjustment allowed by the Federal Government to help compensate for the effects of inflation on stock prices.

Brambles Industries

BRAMBLES INDUSTRIES LTD., the Australian transport group, raised its net earnings 20.4 per cent. to $A5.41m. ($US6.2m.) in the six months to December.

The profit was made in spite of industrial stoppages and the Victorian power dispute.

Although many industry sectors served by the company are operating at well below optimum levels, Brambles increased its sales for the half-year from $A87.2m. ($US99.4m.) to $A104.8m. ($US119.5m.).

The interim dividend is being raised from 4.5c to 5c a share.

Problems for Highveld

BY RICHARD ROLFE

JOHANNESBURG, Feb. 6.

HIGHVELD STEEL and Vanadium, which is controlled by Anglo American, has maintained attributable profits for the six months to end-December. However, as foreshadowed in the annual report, it faces increasingly difficult trading across the board. Turnover hardened from R72m. to R79m. ($70m.), but pre-tax profits were down sharply from R17.2m. to R13.6m. ($12.1m.).

With higher investment allowances from the group's new plate mill the provision for deferred tax also fell from R7m. to R3.4m; and with a decline in minority interest, attributable profits picked up from R9.6m. to R9.8m., for earnings 0.3 cents better at 14.4 cents per share. An unchanged dividend of 5 cents has been declared and the shares at 150 cents yield 10 per cent. on last year's 15 per cent. dividend.

Highveld has expanded heavily in recent years, with R90m. spent on extensions to flat products capacity and ferro-alloy smelter facilities. The Board says in the latest report that the major part of the flat products capacity has been commissioned and the corporation's capital spending plans now appear to have peaked. Capital commitments were R4.7m. at December 31, 1977, compared with R42.3m. a year ago.

Vanadium demand, a mainstay of Highveld's recent profits performance, has declined. Only one of the eight roasting units at the corporation's Vantra division is currently in operation. Six months ago it was noted that the vanadium market faced overcapacity, but the latest statement hopes that Highveld's lower rate of output, in addition to cutbacks from other producers, will correct the supply-demand imbalance.

Hot metal output rose from 270,000 tons in the comparable six months of 1976 to 345,000 tons, and structural mill products were down from 176,000 tons to 184,000 tons. The Board thinks the downturn in domestic steel demand may have levelled off, but does not expect any significant short-term rise in demand.

It also notes that price increases averaging R31 a ton from January 1, will not be adequate to restore profit margins because of higher power and railage costs in particular. In foreign markets increasing protectionist tendencies in the EEC and the U.S. are expected to affect South Africa's steel exports.

Allied Investors earnings up at nine months stage

BY DANIEL NELSON

HONG KONG, Feb. 6.

ALLIED INVESTORS Corporation, a Wheelock Marden group associate, has announced an interim dividend of 25 cents for the year ending March 31. This will absorb HK$6.05m., the same as in the previous year. The directors expect to recommend a final dividend of not less than the 25 cents, paid last year.

Mr. John Marden, the chairman, said that in the nine months to December 31, 1977, group operating profit, after excluding the profit arising from the liquidation of Mow Tai Development, showed a slight improvement compared with the corresponding period of the previous year, which ended with a consolidated net profit of HK$13.62m. ($US2.96m.) against HK$17.06m. The market value of the group's investment at December 31, was HK$127.10m. (HK$123.40m. at March 31).

He said that the company's vessels operated successfully during the period under their bareboat charter. Vessels owned by the quoted subsidiary, Beauforte Holdings, operated without incident in the half-year to September 30, and the factory premises at San Po Kong remained fully let.

Allied has a substantial interest in the Cross Harbour Tunnel Company, which has reported a rise in vehicles using the tunnel and a "satisfactory rate" of growth in revenue receipts. First and second quarterly interim dividends, each of 13c, have been paid, compared with last year's interim of 20c.

Union Bank expansion

BY L. DANIEL

TEL AVIV, Feb. 6.

UNION BANK of Israel, a member of the Bank Leumi group and among the country's five largest banks, reports that its balance sheet total at end-1977 reached £450m. sterling ($870m.)—a rise of 119 per cent. on the December 31, 1976, level.

Net after-tax profit, including extraordinary income, rose by 111 per cent. to £1.6m. sterling ($3.1m.). It is proposed to pay a cash dividend for 1977 of 18.5 per cent. (of which 5.5 per cent. was paid in September), as compared with 15 per cent. in respect of 1976, and to distribute bonus shares at the rate of 1 to 3.

* * *

THE CONSOLIDATED balance sheet of Barclays-Discount Bank Ltd., including its fully-owned subsidiary, the Israel Mercantile Bank, increased by 85 per cent. in 1977, to reach just under £200m. sterling ($386m.).

Its ordinary operating profit, before tax, doubled to £1.3m. sterling ($2.5m.), and net profit, including extraordinary income, rose by 157 per cent. to just under £600,000 sterling, enabling it to distribute a 20 per cent. dividend.

The bank has 60 branches. It established its first unit trust in mid-October, assets of which reached £20m. sterling by end-1977.

Setback at More Wear Industrial

By Tony Hawkins

SALISBURY, Feb. 6.

Reflecting the combination of adverse economic and political conditions one of Rhodesia's largest steel groups, More Wear *Industrial Holdings*, to-day announced operating losses of £650,000 ($1.26m.) in the year to June, 1977.

This compares with a pre-tax profit of £360,000 the previous year and 1975 profits of £1.6m. In a gloomy report, the chairman Mr. George Ware (who is resigning his post) says that the group will survive "on the assumption that the banks continue to support us."

In addition to this substantial operating loss, More Wear has also provided extraordinary items totalling $1.2m. About half of this is for the reduction in the value of fixed assets of a subsidiary company whose operations have been discontinued, and the balance relates to "on-going costs" in respect of group companies that have been closed down or are being wound down.

The chairman says the company experienced a "serious liquidity problem" during the year and that bank facilities were exceeded. The banks indicated that unless their views were heeded consideration would be given to placing the company under judicial management.

Mr. Ware said the group's objective this year was to break even and in order to achieve this considerable retrenchment had been necessary. However, in a changed political and economic environment, there would be a return to profitability as group potential was sound.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

	Bid	Offer
STRAIGHTS		
Alcan Australia 9¾pc 1989	96½	97½
AMEV 8pc 1987	96½	97½
Australia 8½pc 1992	95	95½
Australian M. & S. 9½pc '92	97½	98½
Barclays Bank 8¾pc 1992	97	97½
Bowater 9½pc 1992	96½	97½
Canadian N. Rlwy 8¾pc '86	96½	97½
Credit National 8¾pc 1986	98	98½
Denmark 8¾pc 1984	99½	100½
ECS 9pc 1995	98½	99
ECS 8¾pc 1997	96½	97½
EIB 8¾pc 1992	98½	99
EMI 9½pc 1989	98	98½
Ericsson 8¾pc 1989	96½	97
Esso 8pc 1986 Nov.	100½	101
Gt. Lakes Paper 8¾pc 1984	99½	100
Hamersley 9½pc 1992	100½	101½
Hydro-Quebec 9pc 1992	95½	96½
ICI 8¾pc 1987	96½	97
ISE Canada 9¼pc 1986	102½	103½
Macmillan Bloedel 9pc 1992	96½	97
Massey Ferguson 9¼pc 1991	102½	103½
Michelin 9¼pc 1988	100½	101½
Midland Int. Fin. 8¾pc '92	97	97½
Natl. Coal Board 8pc 1987	94½	95
Natl. Westminster 9pc 1986	101½	102½
Newfoundland 9pc 1989	99½	100½
Norges Komm. Bk. 8¾pc '92	95½	96½
Norpipe 8¾pc 1989	95½	96½
Norsk Hydro 8¾pc 1992	95½	96½
Oslo 9pc 1988	100½	101
Ports Autonomes 9pc 1991	98½	99½
Prov. Quebec 9pc 1995	95½	96½
Prov. Saskatchwn. 8¾pc '86	99½	100
Reed International 9pc 1987	94½	95
RHM 9pc 1992	94½	95
Selection Trust 8¾pc 1989	93½	94½
Skand. Enskilda 9pc 1991	98½	99½
SKF 8pc 1987	92½	93½
Sweden (Kingdom) 8¾pc '87	95½	96½
United Biscuits 9pc 1989	98½	99½
Volvo 8pc 1987 March	93½	94½
NOTES		
Australia 7¾pc 1984	95	95½
Bell Canada 7¾pc 1987	94½	95
Br. Columbia Hydro 7¾pc '85	93½	94½
Canadian Pacific 8¾pc 1984	98	98½
Dow Chemical 8pc 1986	98	98½
ECS 7¾pc 1982	98	98½
ECS 8¾pc 1989	96½	97
EEC 7¾pc 1982	97	97½
EEC 7¾pc 1984	96½	97½
Enso Gutzeit 8¾pc 1984	96½	97½
Gotaverken 7¾pc 1982	97½	98½
Kockums 8pc 1983	97½	98½
Michelin 8¾pc 1983	99½	100½
Montreal Urban 8¾pc 1981	100	100½
New Brunswick 8pc 1984	96½	97½
Nw. Brunswick Pv 8¾pc '83	101½	102
New Zealand 8¾pc 1986	97½	98½
Nordic Invest. Bk 7¾pc '84	95½	96
Norsk Hydro 7¾pc 1982	97	97½
Norway 7¾pc 1982	96½	97
Ontario Hydro 8pc 1987	95½	96
Singer 8¾pc 1982	100½	101
S. of Scot. Elec 8¾pc 1981	99½	100½
Sweden (Kingdom) 7¾pc '82	97	97½
Swedish State Co 7¾pc '82	97	97½
Telmex 9½pc 1984	98½	99
Tenneco 7¾pc 1987 May	92½	93½
Volkswagen 7¾pc 1987	93½	94½
STERLING BONDS		
Courtaulds 9½pc 1989	96	96½
ECS 9½pc 1989	99½	100½
EIB 9¾pc 1988	99½	100
EIB 9¾pc 1992	97½	98½
Fin. for Industrie 9¾pc '87	99	99½
Fisons 10½pc 1987	100½	101½
Rowntree 10¾pc 1988	98½	99½
Total Oil 9½pc 1984	98	98½
DM BONDS		
Austria 6½pc 1989	106½	107½
BFCE 7pc 1987	104½	105½
Denmark 6½pc 1989	107	107½
EIB 6½pc 1984	106	106½
Grand Met 7pc 1984	101½	102½
Hydro-Quebec 6½pc 1987	101½	102½
ICI 6½pc 1987	105½	106
Montreal 7pc 1987	102½	103½
Norsca Gas 7pc 1989	107	107½
Norsk Hydro 6½pc 1989	104½	105½
Norway 5¾pc 1982	104	104½
Shell 6½pc 1989	105	105½
Spain 6½pc 1984	101	101½
Sweden 6½pc 1984	104½	105½
World Bank 6½pc 1987	103½	104½
FLOATING RATE NOTES		
Bk. of Tokyo 1984 7 15/16pc	99	99½
BFCE 1984 7pc	99½	99¾
BNP 1985 7pc	99½	100½
CCF 1985 8pc	99½	99¾
CGMF 1984 6 13/16pc	98½	98¾
Creditanstalt 1984 7½pc	98½	99½
Credit Lyonnais 1982 6¾pc	99½	99¾
DG Bank 1982 7 15/16pc	99½	100½
GZB 1981 7½pc	100½	100½
Intl. Westmnstr. '84 7 15/16pc	99½	99¾
Lloyds 1983 7¾pc	100	100½
LTCB 1985	99½	99½
Midland 1982 8pc	101½	101¾
Midland 1987 7 11/16pc	98½	99
OKB 1983 6¾pc	99½	99¾
SNCF 1985 6 15/16pc	98½	98¾
Stndrd. & Chartrd. '84 6¾pc	98½	99½
Wms. and Glyns 1984 7pc	99½	100½

Source: White Weld Securities.

	Bid	Offer
CONVERTIBLES		
American Express 4¾pc '87	90½	92½
Ashland 5pc 1988	90	91
Babcock & Wilcox 6¾pc '97	92½	93½
Beatrice Foods 4¾pc 1992	93½	94½
Beatrice Foods 4½pc 1992	101½	[illegible]
Beecham 6½pc 1992	98½	[illegible]
Borden 5pc 1992	100	102
Broadway Hale 4½pc 1987	74½	76½
Carnation 4pc 1987	77½	79½
Chevron 5pc 1988	119½	121½
Dart 4¾pc 1987	79	81
Eastman Kodak 4½pc 1988	82½	84½
Economic Labs 4¾pc 1987	78	80
Firestone 5pc 1988	80	82
Fiat 5pc 1988	81	82
General Electric 4¾pc 1987	81	83
Gillette 4¾pc 1987	77	79
Gould 5pc 1987	113½	115½
Gulf and Western 5pc 1988	79	80
Harris 5pc 1992	194	196
Honeywell 6pc 1986	85½	87½
ICI 6¾pc 1992	83½	85½
INA 6pc 1997	92½	94
Inchcape 6¾pc 1992	102½	103½
ITT 4½pc 1987	75½	77½
Inaro 6pc 1992	103½	105½
Komatsu 7½pc 1990	107½	108½
J. Ray McDermott 4¾pc '87	151	153
Matsushita 6½pc 1990	121	122
Mitsui 7¼pc 1990	106½	107½
J. P. Morgan 4¾pc 1987	95	97
Nabisco 5½pc 1988	99	101
Owens Illinois 4½pc 1987	118	119
J. C. Penney 4½pc 1987	75	77
Revlon 4½pc 1987	106	108
Reynolds Metals 5pc 1988	84	86
Sandvik 6½pc 1988	103½	105
Sperry Rand 4¼pc 1987	82	84
Squibb 4¾pc 1987	77½	78½
Texaco 4¾pc 1988	77½	78½
Toshiba 6½pc 1992	100	101
Union Carbide 4¾pc 1982	91½	93½
Warner Lambert 4¾pc 1987	80	82
Warner Lambert 4½pc 1988	74	76
Xerox 5pc 1988	77	79

Source: Kidder, Peabody Securities.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Dow 2 easier after shortened session

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Feb. 6.

A SEVERE snow storm caused Wall Street to close two hours earlier than normal to-day, with stocks showing an easier tendency after an extremely quiet trade.

The Dow Jones Industrial Average ended 2.34 lower at 768.62, after touching 764.21, and the NYSE All Common Index was finally 8 cents down at $49.64, after $49.57, while losses outnumbered gains by 704 to 531.

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Howard Johnson	192,700	11⅛	+½
Marshall Field	130,000	33¼	−⅛
Amer. General Ins.	122,500	25	—
American Airlines	121,100	9⅞	−⅜
UAL	114,700	20¼	−⅜
Inco	114,400	16⅜	−⅜
Avco	109,400	18⅛	+⅜
Kimberly-Clark	100,500	41⅝	−⅝
Columbia Pictures	90,600	16⅝	+1⅜
Sambo's Restaurants	88,000	17	+¼

Turnover amounted to only 11.63m. shares, against last Friday's total of 19.40m.

The blizzard crippled traffic, business and transportation in the New York metropolitan area, preventing many market participants from reaching their offices.

Brokers said the shortened and very slow session could not be considered indicative of a trend, but added that some selling was due to a report that a survey of purchasing agents indicates that inflation spurted in January.

Seatrain Lines, on a December quarter loss, shed ½ to $9½.

Among companies raising their dividends, Xerox put on ½ to $45, Sears were up ¼ at $25⅝, and Boeing, which also reported improved earnings, advanced 1⅛ to $28¼.

The trading session on the American SE was similarly shortened by the blizzard, although stocks displayed a firm bias at the finish, with the Amex index registering an improvement of 0.14 at 122.92. Volume 1.44m. shares (2.27m.).

OTHER MARKETS

Canada reacts

Canadian Stock Markets turned downwards yesterday in moderate activity. The Toronto Composite Index shed 0.4 to 1007.1, while Metals and Minerals declined 6.7 to 813.7, Oils and Gas 3.8 to 1,354.0, and Utilities 0.74 to 159.54, but Banks improved 1.38 to 232.43.

Inco "A" lost ¼ to $16⅜ on lower fourth-quarter and year earnings.

PARIS—Following the recent downtrend, share prices managed a somewhat steadier performance yesterday, helped by substantial intervention by institutional investors, and closed on a mixed note.

Locafrance weakened further in otherwise well maintained Banks, while in Foods, Carrefour, despite higher 1977 turnover, shed 20 to Frs.1,164.

Constructions, Motors, Electricals and Stores were generally better, but Metals had Sacilor the day's limit down.

CIT Alcatel gained 19 to Frs.749, Skis Rossignol 40 to Frs.1,590, and Pernod-Richard 2.5 to 179.0.

BRUSSELS—Mainly lower in thin trading.

Hoboken retreated 75 to B.Frs.2,530 and UCB 34 to B.Frs.924, but Arbed put on 40 to B.Frs.2,100 and Banques Bruxelles Lambert 12 to B.Frs.1,444.

Petrofina declined 55 to B.Frs.3,860, but Canadian Petrofina and American Petrofina gained ground on announcing higher fourth-quarter profits.

AMSTERDAM—Narrowly mixed with activity at a low ebb.

Transports had Van Ommeren up Fls.1.40 and NedLloyd Fls.1.00 higher, but KLM and KNSM were both slightly easier.

Dutch Internationals softened a little in places, but Royal Dutch hardened Fls0.50.

Elsewhere, Elsevier put on Fls.2.50 and Algemeine Bank Fls.0.70.

GERMANY—Market opened the week with an irregular showing despite some buying interest by foreign institutional investors, particularly from France.

Engineerings and Banks firmed on a good business, with KHD rising DM3.80 and Deutsche Bank DM1.20. Major Chemicals were steady, while Motors were mixed. Electricals and Stores adopted an easier stance.

Public Authority Bonds recorded gains extending to 15 pfennigs following quiet trading. The Regulating Authorities sold DM15m. nominal of stock (DM 14.5m.). Mark Foreign Loans were maintained.

SWITZERLAND—The recent firming trend lost some of its momentum yesterday, with stocks ending just a little harder for choice after a quieter trade.

Among Financials, Interfood "B" rose 50 to Sw.Frs.3,475, while Union Bank added 15 at Sw.Frs.3,465.

Elsewhere, Sandoz put on 25 to Sw.Frs.4,075, but Ciba Geigy shed 10 to Sw.Frs.1,230.

MILAN—There was a widespread improvement, with trading encouraged by political developments.

Leading Industrials were prominently firmer, with Snia Viscosa adding 30 at L509, Montedison 5.75 at L147.75, Fiat 25 at L1,940, and Olivetti Privileged 12 at L785.

Pirelli advanced 55 to L2,101 and Bastogi 16.5 to L425.5.

TOKYO—Share prices moved irregularly in the absence of fresh market factors. The Nikkei-Dow Jones Average put on 2.06 to 5,133.02, with volume amounting to 260m. shares.

Speculatives, Foods and Motors tended higher, but Electricals and many Blue Chips reacted.

Toyota Motor rose Y10 to Y853 on consideration of its new model, announced last Friday. Most vehicle issues followed Toyota's lead, but Honda declined Y10 to Y573 on profit-taking.

Daiwa House fell Y24 to Y463, pulling down prices of other Housing and Public Works shares.

HONG KONG—Market closed steady after a quiet shortened trading session ahead of the Chinese New Year holiday. Dealing spreads were widened on prices with operators being reluctant to deal.

Jardine Matheson gained 10 cents at $HK12.70 and Swire Pacific "A" 5 cents at $HK5.70, while Hang Seng Bank was an exceptionally firm spot in Banks, up $HK2 at $HK153.

The market will stay closed until February 10.

JOHANNESBURG—Gold shares displayed a majority of marginal gains after slow trading.

Financial Minings were unchanged to lower in an equally quiet business, while Metals and Minerals and Coal issues were mostly at previous levels.

Industrials moved narrowly with a slightly firmer bias.

AUSTRALIA — Mining issues were rather mixed, but Industrials were inclined to make headway.

BHP stood out with an advance of 18 cents to $A5.42 in response to the interim results. C. J. Coles improved 6 cents to $A1.97 and Myer 5 cents to $A1.93, although CSR, $A2.86, and General Property Trust, $A1.35, receded 6 cents apiece. Among Banks, CBC rose 8 cents more to $A1.75, still on the first-half figures, while BNS Wales were 10 cents higher at $A5.34.

In the Mining sector, Consolidated Goldfields moved ahead 15 cents to $A2.80 and Peko-Wallsend 16 cents to $A5.66, but Coal and Allied declined 5 cents to $A3.75.

£ & franc weak

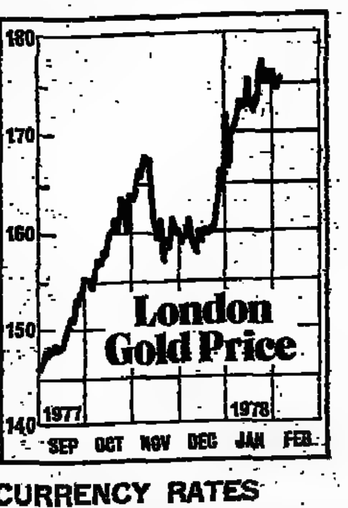
The French franc and sterling lost ground in the foreign exchange market yesterday, but both currencies finished above their worst levels of the day. The French authorities gave a small amount of help to the franc, which fell to a low point of Frs.4.9540 against the dollar, before closing at Frs.4.93, compared with Frs.4.91 on Friday.

Sterling opened at $1.9405-1.9415, and fell to a low point of $1.9310-1.9320. It improved to around $1.9350, and remained at that level for most of the day, before closing at $1.9385-1.9395, a fall of 25 points on the day. The pound's trade-weighted index against a basket of currencies, as calculated by the Bank of England, fell to 66.3 from 66.4, after standing at 66.2 at noon and in early trading.

The market remained nervous about the possibility of a victory by the Left Wing parties in next month's General Election in France, and by threats to the U.K. Government's pay policy by the miners and power workers, but there was no heavy pressure, and both the franc and sterling were helped in the afternoon by the lack of trading in New York, following reports of severe weather conditions in the U.S.

The dollar's trade-weighted depreciation since the Washington Currency Agreement, on Morgan Guaranty figures, widened to 4.45 per cent. from 4.39 per cent. Other currencies were fairly quiet. The Swiss franc touched a high point of Sw.Frs.1.9530 in terms of the dollar, before closing at Sw.Frs.1.9612½ compared with Sw.Frs.1.9665 before the week-end.

Gold rose $¾ to $175¼-176 in quiet trading.



CURRENCY RATES

	Special Drawing Rights February 6	European Unit of Account† February 6
Sterling	0.626415	0.630961
U.S. dollar	1.21180	1.22043
Canadian	1.34658	1.35267
Austria sch.	18.3042	18.4152
Belgian franc	39.4774	39.7584
Danish krone	6.91635	6.96532
Deutschemark	2.54842	2.56646
Dutch guilder	2.72655	2.74665
French franc	5.98447	6.02756
Italian lira	1,060.63	1067.85
Japanese yen	293.074	294.343
Norway krone	6.19412	6.23175
Spain peseta	98.2152	98.8546
Swedish krone	5.63366	5.66480
Swiss franc	2.37351	2.38646

EXCHANGE CROSS-RATES

Feb. 6	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.1027-42	42.40-55	6.45-46	4.065-075	93.40-50	107.30-45
New York	47.49-52	—	20.28-30	3.066-069	1.9380-9395	44.39-41	[illegible]
Paris	234.69-5.19	4.9325-9445	—	[illegible]	9.544-564	219.49-99	252.56-86
Brussels	15.7-?2	32.56-61	6.57-61	—	62.92-63.08	14.46-50	16.53-69
London	4.08½-09½	1.9325-9395	9.55-65	63.15-25	—	4.36½-37½	3.80-81
Amst'dam	107.025-075	2.2487-3512	45.575-625	6.908½-145	4.3525-3675	—	115.045-095
Zurich	93.050-150	1.957-88	39.585-655	6.025-83	3.7862-7891	86.99-87.07	—

U.S. $ in Toronto U.S. $=111.06-08 Canadian cents.
Canadian $ in New York=89.99-90.01 cents. U.S. $ in Milan 866.50-7.00.
Sterling in Milan 1676.95-1676.75.

EURO-CURRENCY INTEREST RATES*

Feb. 6	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss franc	W. German mark
Short term†	6½-6¾	6¼-7¼	6⅛-6¾	5⅝-5⅞	¼-⅜	2⅞-3
7 days notice	6¾-7	6½-7½	6⅝-6⅞	5⅜-5⅝	¼-⅝	2⅞-3
Month	7-7¼	6¾-7⅛	6⅞-7⅛	5¼-5½	[illegible]	2⅞-3
Three months	7⅜-7⅝	6⅞-7¼	7⅛-7⅜	5-5¼	[illegible]	[illegible]
Six months	7⅞-8¼	7¼-7⅝	7½-7¾	5-5¼	1¼-1⅜	[illegible]
One year	8-8¼	7⅜-7⅝	7¾-8	5¼-5½	1⅞-2	3⅛-3¼

Euro-French deposit rates: two-day 12¾-13¼ per cent.; seven-day 13¾-15 per cent.; one-month 15½-16 per cent.; three-month 14¾-15¼ per cent.; 14¼-14¾ per cent.; one year 13¾-14¼ per cent.

Long-term Eurodollar deposits: two years 8-8½ per cent.; three years 8⅛-8⅜ per cent.; four years 8⁵⁄₁₆-8⁹⁄₁₆ per cent.; five years 8⁵⁄₁₆-8⁷⁄₁₆ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 6.90-7.00 per cent.; three-month 7.10-7.20 per cent.; six-month 7.45-7.55 per cent.; one-year 7.65-7.75 per cent.

* Rates are nominal calling rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

GOLD MARKET

	Feb. 6	Feb. 3
Gold Bullion (a fine ounce) Close	$175¼-176	$174½-175¼
Opening	$175-175¾	$174½-175¼
Morning fix'g	$175.50 (£90.688)	$175.25 (£90.473)
Aftern'n fix'g	$175.60 (£90.796)	$175.25 (£90.372)
Gold Coin... domestically Krugerrand	$186½-188½ (£96¼-97¼)	$185¼-187¼ (£95½-96½)
New Sov'gns	$56-58 (£29-30)	$55¼-57¼ (£28½-29½)
Old Sov'gns	$55¼-57¼ (£28½-29½)	$54-56 (£27¾-28¾)
Gold Coins... (internat'lly) Krugerrand	$181½-183½ (£93¾-94¾)	$180-182 (£92¾-93¾)
N'w sov'gns	$56-58 (£29-30)	$55¼-57¼ (£28½-29½)
Old Sov'gns	$55¼-57¼ (£28½-29½)	$54-56 (£27¾-28¾)
$20 Eagles	$260-263	$259¾-262¾

FOREIGN EXCHANGES

Feb. 6	Bank Rate %	Market Rates Day's Spread	Close
New York	6½	1.9310-1.9415	1.9385-1.9395
Montreal	7½	2.1380-2.1515	2.1505-2.1515
Amsterdam	4½	4.34½-4.38½	4.36½-4.37½
Brussels	6½	65.09-65.45	65.15-65.25
Copenhagen	8	11.00½-11.10½	11.04½-11.05½
Frankfurt	3	4.06-4.10	4.06½-4.07½
Lisbon	15	77.30-78.60	78.00-78.40
Madrid	8	155.45-157.25	157.05-157.15
Milan	11½	1,676-1,685	1,680-1,681
Oslo	6	9.87-9.94	9.91½-9.92½
Paris	9½	9.51-9.57	[illegible]
Stockholm	8	8.87-8.94	9.00½-9.01½
Tokyo	4¼	465-477	467-470
Vienna	5½	28.10-28.40	[illegible]
Zurich	1½	3.78-3.82	3.80-3.81

‡ Rates given are for convertible francs. Financial franc [illegible].
† Oslo close on Feb. 3, 9.95-9.96.

OTHER MARKETS

			Notes Rates
Argentina	12.50-12.64	Argentina	1200-1300
Australia	1.6928-1.7088	Austria	25-30
Brazil	30.69-31.64	Belgium	62½-65½
Finland	7.70-7.75	Brazil	35-36
Greece	69.424-71.185	Canada	2.15-2.17½
Hong Kong	8.83½-8.92½	Denmark	11.07-11.27
Iran	132-136	France	9.50-9.60
Kuwait	0.537-0.547	Germany	4.05-4.20
Luxemb'rg	65.15-65.25	Greece	74-78
Malaysia	4.5550-4.5750	Italy	1700-1800
N. Zealand	1.8852-1.9047	Japan	[illegible]
Saudi Arab.	6.67-6.77	Netherl'nd	435-460
Singapore	4.4875-4.5875	Norway	9.90-10.10
S. Africa	1.6718-1.6978	Portugal	[illegible]
U.S.		Spain	150-155½
Canada		Switz'land	380-390
[illegible]		U.S.	1.94-1.96
U.S. cents	90.11-90.14	Yugoslavia	37-39

Rate given for Argentina is a free rate.

FORWARD RATES

	One month	Three months
New York	0.05c pm-0.05c dis	0.10c pm-par
Montreal	0.05c pm-0.05c dis	0.15-0.05c pm
Amst'dam	⅞ c pm-⅛ c dis	2¾-1¾ c pm
Brussels	par-10 c dis	par-10 c dis
Cop'hgn	7½-9½ ore dis	23½-25½ ore dis
Frankfurt	1¾-¾ pf pm	
Lisbon	85-110 c dis	450-640 c dis
Madrid	60-140 c dis	390-470 c dis
Milan	10-16 lire dis	32-38 lire dis
Oslo	5¼-7¼ ore dis	17½-19½ ore dis
Paris	5¾-6¾ c dis	17-19 c dis
Stockh'lm	2-4 ore dis	8½-10½ ore dis
Vienna	2-12 gro pm	5-27 gro dis
Zurich	2¼-1¼ c pm	6¼-5¼ c pm

Six-month forward dollar 0.23-0.13c pm; 12-month 0.45-0.35c p.m.

Indices

NEW YORK —DOW JONES

	Feb. 6	Feb. 3	Feb. 2	Feb. 1	Jan. 31	Jan. 30	1977-78 High	1977-78 Low	Since compilation High	Since compilation Low
Industrial	768.62	770.96	776.56	774.34	769.92	772.44	999.75 (3/1/77)	763.34 (26/1/78)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	89.79	89.74	89.72	89.57	89.62	89.40	95.87 (7/9)	89.53 (26/1/78)	—	—
Transport	212.16	212.88	212.66	210.51	208.56	208.71	246.64 (15/6)	199.60 (25/10)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	105.21	105.51	105.48	105.24	104.77	104.81	118.67 (22/2)	104.77 (31/1/78)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's †	11,650	19,400	25,050	22,240	19,870	17,400	—	—	—	—

* Basis of index changed from August 24

	Feb. 3	Jan. 27	Jan. 20	Year ago (approx.)
Ind. div. yield %	5.96	6.02	5.92	4.38

STANDARD AND POORS

	Feb. 6	Feb. 3	Feb. 2	Feb. 1	Jan. 31	Jan. 30	1977-78 High	1977-78 Low	Since Compilat'n High	Since Compilat'n Low
‡ Industrials	98.51	98.66	98.50	98.12	98.55	98.44	118.92 (3/1/77)	97.47 (26/1/78)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	88.50	88.62	90.13	88.65	89.25	88.54	107.00 (3/1/77)	88.58 (26/1/78)	125.85 (11/1/73)	4.40 (1/6/32)

	Feb. 1	Jan. 25	Jan. 18	Year ago (approx.)
Ind. div. yield %	5.22	5.22	5.15	3.89
Ind. P/E Ratio	8.69	8.62	8.74	11.09
Long Govt. Bond yield	8.18	8.20	8.17	6.87

N.Y.S.E. ALL COMMON

Feb. 6	Feb. 3	Feb. 2	Feb. 1	1977/78 High	1977/78 Low
49.64	49.72	49.92	49.79	57.07 (4/1/77)	49.06 (27/1/78)

Rises and Falls

	Feb. 6	Feb. 3	Feb. 2
Issues traded	1,742	1,803	1,826
Rises	531	677	872
Falls	704	662	522
Unchanged	507	464	432
New Highs	—	—	—
New Lows	—	—	—

		Feb. 6	Feb. 3	Feb. 2	Feb. 1	1977-78 High	1977-78 Low
MONTREAL	Industrial	166.57	165.92	165.98	165.37	186.47 (17/8)	159.02 (25/10)
	Combined	172.55	172.86	172.67	172.30	187.38 (19/1/77)	165.60 (25/10)
TORONTO	Composite	1007.1	1007.5	1006.6	1008.0	1067.4 (19/7)	981.9 (28/10)
JOHANNESBURG	Gold	213.9	213.8	217.1	218.7	218.7 (1/2/78)	158.4 (24/5)
	Industrials	212.5	211.5	212.1	212.1	214.4 (4/1/78)	188.1 (22/4)

	Feb. 6	Previous	1977-78 High	1977-78 Low
Australia (*)	466.12	463.99	479.44 (4/1/78)	416.36 (16/2)
Belgium (‖)	93.37	93.66	99.12 (10/1/77)	90.43 (12/1/78)
Denmark (**)	94.00	94.56	107.32 (9/5)	94.00 (6/2/78)
France (††)	47.7	47.6	56.4 (7/1/77)	45.5 (10/6)
Germany (‡‡)	—	804.5	818.5 (17/11)	712.5 (10/3)
Holland (§§)	80.1	80.1	95.2 (4/5)	75.5 (29/8)
Hong Kong (¶¶)	411.68	411.03	426.17 (11/8)	383.44 (15/1/76)
Italy (‖‖)	60.60	59.51	76.71 (6/1/77)	54.90 (22/12)
Japan (a)	384.05	383.71	390.93 (29/9)	350.49 (24/11)
Singapore (b)	267.81	267.68	288.03 (29/8)	242.36 (3/6)
Spain (d)	—	95.79	100.00 (30/12)	94.28 (25/1)
Sweden (e)	357.32	357.55	416.58 (25/5)	[illegible] (24/11)
Switzerl'd (f)	317.6	317.4	348.2 (11/10)	[illegible] (5/5)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (¶) Sydney All Ord. (‖) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam Industrial 1970. (¶¶) Hang Seng Bank 31/7/64. (‖‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Close. (d) Madrid SE 30/12/77—high and low for 1978 only. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated.
♥ Ptas.500 denom. unless otherwise stated.
♣ Kr.100 denom. unless otherwise stated.
⊕ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross. div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

OVERSEAS SHARE INFORMATION

Inv. $ Prem. at $2.60 to £—77¾% (77¾%)
Effective rate (at 1.9390) 32¼% (32¾%)

NEW YORK

Stock	Feb. 6	Feb. 3
Abbott Labs	51⅞	51⅞
Addressograph	14⅜	14¾
Aetna Life & Cas	31¾	31¾
Air Products	23½	24
Airco	41	42
Alcan Aluminium	23⅞	24⅛
Alcoa	39¼	39⅜
Allegheny Ludl.	19⅛	19⅝
Allegheny Power	19¼	19½
Allied Chemical	36⅞	37¾
Allied Stores	19	19
Allis Chalmers	24⅝	24½
AMAX	33½	33½
Amerada Hess	23⅞	24⅜
Amer. Airline	9⅞	10¼
Amer. Brands	44⅛	43⅞
Amer. Broadc'st	35⅝	35¾
Amer. Can	36¼	36¾
Amer. Cyanamid	25⅛	25
Amer. Elec. Pow.	23½	24
Amer. Express	34⅝	34¾
Amer. Home Prod	26	26⅛
Amer. Medical	19½	19
Amer. Motors	4⅛	4¼
Amer. Nat. Res.	41	40½
Amer. Standard	34⅛	35¼
Amer. Stores	28½	29½
Amer. Tel. & Tel.	59⅛	59⅜
Ametek	28	28¼
AMF	16⅞	17
AMP	26⅝	26¾
Ampex	12	11⅞
Anchor Hocking	26½	26¾
Anheuser Busch	19¾	19¾
Armco Steel	27⅝	28⅛
A.S.A.	20½	21⅛
Asamera Oil	8⅞	9⅛
Asarco	14¼	14¼
Ashland Oil	28	28⅜
Atl. Richfield	46⅜	45¾
Auto Data Pro.	25¾	26¼
AVC	10⅛	10⅞
Avco	18⅛	17½
Avon Products	44¾	44⅝
Balt Gas Elect.	25⅝	25⅝
Bank America	22	21⅞
Bankers Tr. N.Y.	35	35¼
Barber Oil	27	27
Baxter Travenol	35⅜	35½
Beatrice Food	22⅞	22⅝
Becton Dickenson	39⅞	40⅛
Bell & Howell	14⅝	14⅞
Bendix	33¼	33½
Benguet Cons 'B'	2⅝	2⅝
Bethlehem Steel	21⅞	22⅛
Black & Decker	15½	15¼
Boeing	28¼	27⅛
Boise Cascade	23⅝	23¾
Borden	29½	29¾
Borg Warner	25⅛	25⅞
Braniff Int.	10⅝	10½
Brascan 'A'	13⅛	13⅛
Bristol Myers	32⅛	32¼
Brit. Pet. ADR	14¾	14⅝
Brockway Glass	28½	28¾
Brunswick	14	13⅜
Bucyrus Erie	18⅞	19
Budd	33⅛	32⅞
Bulova Watch	5⅛	5¼
Burlington Nthn.	39⅝	40⅜
Burroughs	63	63⅛
Campbell Soup	33⅜	32¾
Canadian Pacific	15⅛	15
Canal Randolph	11⅛	10⅝
Carnation	28¼	28⅛
Carrier & General	11⅞	11¾
Carter Hawley	16¾	16¾
Caterpillar Tract.	50	50
CBS	45⅝	46
Celanese Corpn.	37½	37¾
Central & S.W.	15¾	15⅝
Certainteed	22⅝	22⅜
Cessna Aircraft	31¾	31⅞
Chase Manhattan	28⅛	28½
Chemical Bk. NY	39⅛	39⅜
Chesebgh Pond	20¾	21⅛
Chessie System	35½	35⅜
Chicago Bridge	43½	45⅞
Chromalloy	16⅝	16⅜
Chrysler	13⅛	13½
Cinerama	2⅞	2⅝
Cine. Milacron	19⅛	19⅛
Citicorp	19⅞	19¾
Cities Service	47⅛	47⅛
City Investing	12¾	12¾
Coca Cola	36⅜	36½
Colgate Palm	19⅜	19¾
Collins Aikman	10⅝	11
Columbia Gas	28	27⅞
Columbia Pict.	16⅝	15¼
Com. Ins. Co. of Am.	15⅜	15⅛
Combustion Eng.	33⅜	33⅜
Combustion Eq.	16⅝	16⅝
Com'w'th Edison	27⅝	27¾
Com'w'th Oil Ref.	2½	2½
Comm. Satellite	32½	32⅞
Computer Scienc.	5⅝	5¾
Conrac	21¼	21⅜
Con. Edison N.Y.	22⅞	22⅞
Consol Foods	24¾	25
Consol Nat. Gas	39	39
Consumer Power	23	23
Continental Grp.	31½	31¾
Continental Oil	27½	27¼
Continental Tele.	16¾	16⅝
Control Data	25¼	26¼
Cooper Indus.	41	41⅜
Corning Glass	48⅝	48⅝
CPC Int'n'tional	42⅞	43
Crane	25⅛	25⅛
Crocker Nat.	23⅝	24
Crown Zellerbach	30¾	30⅞
Cummins Engine	35	34⅞
Curt-Wright	17¾	17¾
Dana	22⅝	22⅞
Dart Industries	36	36
Deere	24¼	24
Del Monte	23½	23¾
Deltona	5⅝	5½
Dentsply Inter.	18⅛	18⅛
Detroit Edison	16⅜	16½
Diamond Shamrk.	28⅜	28¼
Dictaphone	11⅝	11¾
Digital Equip.	40	40
Disney (Walt)	34¼	33¾
Dover Corpn.	39¾	39⅞
Dow Chemical	24⅜	24⅛
Dresser	39⅛	39⅞
Du Pont	105½	105⅜
Dymo Industries	12⅞	12⅝
Eagle Picher	18⅛	18⅝
East Airlines	6¾	7
Eastman Kodak	45⅛	45
Eaton	34⅛	34⅛
E.G. & G.	17⅜	17⅜
El Paso Nat. Gas	15⅝	16¼
Eltra	27⅞	27
Emerson Electric	31⅝	31⅝
Emery Air Fr'ght	38⅛	38¼
Emhart	29	28⅞
E.M.I.	3⅜	3⅜
Engelhard	24¼	24⅛
Esmark	27⅛	25⅞
Ethyl	20¼	20¼
Exxon	44⅞	44⅝
Fairchild Camera	25½	27¼
Fed. Dept. Stores	35⅞	36
Firestone Tire	15	14⅞
Fst. Nat. Boston	25⅜	25⅛
Flexi Van	17⅛	17¼
Flintkote	21⅛	21⅜
Florida Power	31	31⅛
Fluor	33¼	33⅛
F.M.C.	21	21
Ford Motor	41⅜	41⅝
Foremost Mck.	17¼	17⅛
Foxboro	29¾	29½
Franklin Mint	8	8¼
Freeport Mineral	19⅞	19½
Fruehauf	25¾	25⅞
Fuqua Industries	9	9¼
G.A.F.	11⅜	11⅝
Gannett	36⅝	36⅝
Gen. Amer. In.	9⅝	9¼
G.A.T.X.	25½	25⅜
Gen. Cable	11⅛	11¾
Gen. Dynamics	41⅜	41⅞
Gen. Electric	46¾	46⅞
General Foods	29⅛	29¾
General Mills	28	28⅛
General Motors	58⅝	58⅝
Gen. Pub. Util.	19⅛	19¼
Gen. Signal	26⅛	26⅛
Gen. Tel. Elect.	28⅝	28⅝
Gen. Tyre	24¼	24
Genesco	5⅛	5⅜
Georgia Pacific	25	25¼
Getty Oil	161½	161⅛
Gillette	24⅞	24¾
Goodrich F.F.	19¾	19¾
Goodyear Tire	17	16⅞
Gould	28¾	28⅞
Grace W.R.	25¼	25⅛
Gt. Atlan Pac Tea	7⅛	7½
Grt. North Iron	30½	31
Greyhound	13	12⅞
Gulf & Western	11⅜	11⅜
Gulf Oil	25⅛	24⅞
Halliburton	59½	59¼
Hanna Mining	37⅞	37½
Harnischfeger	16¼	15⅜
Harris Corpn.	42	42⅛
Heinz H.J.	36	36⅛
Heublein	26⅜	26⅝
Hewlett Packard	64½	65½
Holiday Inns	15¼	15
Homestake	36⅞	36⅞
Honeywell	44	44⅜
Hoover	11½	11⅝
Hosp Corp Amer.	24½	24⅞
Houston Nat. Gas	24	23¾
Hunt (Ph.A.) Chm	11	10⅞
Hutton (E.F.)	12	11⅞
I.C. Industries	23⅞	23⅞
INA	36⅜	36⅛
Ingersoll Rand	57⅝	57¾
Inland Steel	36	35⅞
Insilco	13⅛	13
Intercon Energy	[illegible]	7½
IBM	258.25	258⅝
Intl. Flavours	21¼	21½
Intl. Harvester	29	28⅞
Intl. Min & Chem	39⅝	39⅝
Intl. Multifoods	21¼	21⅛
Inco	14⅞	15¼
Intl. Paper	39¼	39
IPG	27½	27⅝
Int. Rectifier	8⅞	8¾
Int. Tel. & Tel.	29	29¼
Invest	1¼	1¼
Iowa Beef	28¾	28¾
IU International	11⅝	11½
Jim Walter	28	28⅜
Johns Manville	29¼	29⅛
Johnson Johnson	70¼	70½
Johnson Control	28⅛	27⅝
Joy Manufactur'g	31½	31¾
K. Mart Corp.	24¾	24⅜
Kaiser Alumini'm	28⅜	28⅝
Kaiser Industries	4¾	4⅞
Kaiser Steel	24⅞	24¾
Kay	7⅛	7¼
Kennecott	23⅛	23⅛
Kerr McGee	42¼	43¼
Kidde Walter	27¾	27⅝
Kimberley Clark	41⅝	42½
Koppers	21⅞	21⅞
Kraft	42⅜	43¼
Kroger Co.	26¾	26⅞
Levi Strauss	28¼	28¼
Libby Ow. Food	36⅛	36⅛
Liggett Group	27	28⅜
Lilly (Eli)	39½	40⅛
Litton Indust.	14⅜	14⅛
Lockheed Aircr'ft	13⅛	15¼
Lone Star Inds.	18⅝	18¾
Long Island Ltd.	18½	18½
Louisiana Land	21⅞	22¼
Lubrizol	35⅛	35⅝
Lucky Stores	15¼	15¼
L'ke Y'ngst'wn	6¼	6¼
MacMillan	10¼	10½
Macy R.H.	36⅝	36½
Mfrs Hanover	32⅜	32¼
Mapco	34⅞	35⅜
Marathon Oil	42¼	42¼
Marine Midland	14	14¼
Marshall Field	33¼	34⅛
May Dept. Stores	22¾	22⅞
MCA	35	35⅛
McDermott	25½	25½
McDonnell Doug	23½	24
McGraw Hill	17⅝	17¾
Memorex	28	28
Merck	55¾	55¾
Merrill Lynch	13⅝	13¾
Mesa Petroleum	35¾	35⅝
MGM	26⅝	26½
Minn Ming & Mtg.	47⅜	47¼
Mobil Corp.	59⅜	59⅝
Monsanto	50¼	50
Morgan J.P.	41⅝	41¾
Motorola	36	35¾
Murphy Oil	35¼	35⅛
Nabisco	46⅝	46⅞
Nalco Chemical	27	26⅛
National Can	16	16⅛
Nat. Distillers	21½	21¾
Nat. Service Ind.	13⅞	13¾
National Steel	30	31
Natomas	36⅛	36¼
NCR	40¼	40½
Neptune Imp.	16¼	16⅜
New England El.	22⅝	22⅝
New England Tel	35	35¼
Niagara Mohawk	15¼	15¼
Niagara Share	10	10⅛
N. L. Industries	16	16
Norfolk & Western	27½	27⅜
North Nat. Gas	37	37⅛
Nthn States Pwr	26	26⅛
Nthwest Airlines	23⅞	24
Nthwest Bancorp	22¼	22⅜
Norton Simon	15⅛	16¼
Occidental Petrol	22	21⅞
Ogilvy Mather	37¾	37¾
Ohio Edison	18⅞	18⅞
Olin	16	15¾
Overseas Ship	23¼	23¼
Owens Corning	63	63⅛
Owens Illinois	20¾	20¾
Pacific Gas	23¾	23½
Pacific Lighting	20⅜	20¼
Pac. Pwr. & Lt.	21	21
PanAm World Air	5	5⅛
Parker Hannifin	21¾	22⅛
Peabody Int.	21⅞	22⅛
Pen. Pw. & Lt.	22⅞	22⅝
Penney J.C.	33¼	33⅝
Pennzoil	30	29⅞
Peoples Drug	7⅝	7⅜
Peoples Gas	34¼	34⅛
Pepsico	25⅞	26⅞
Perkin Elmer	18⅞	18⅞
Pet	36⅞	37
Pfizer	27⅝	27¾
Phelps Dodge	19	19
Philadelphia Ele.	19	19⅛
Philip Morris	59	59⅞
Phillips Petrol'm	29¾	29¾
Pillsbury	39	39¼
Pitney Bowes	18¾	18¾
Pittston	23⅛	23⅜
Plessey Ltd ADR	16⅞	17
Polaroid	24¾	25⅛
Potomac Elec.	15⅜	15⅜
PPG Industries	24¼	24⅛
Procter Gamble	78¾	79
Pub Serve Elect.	22⅝	22⅞
Pullman	24¾	24⅞
Purex	15¼	15¼
Quaker Oats	20⅞	20¾
Rapid American	5⅞	6
Raytheon	31¼	30⅞
RCA	24⅞	25
Republic Steel	23⅛	23¾
Revlon	41¼	41
Reynolds Metals	29⅛	29⅛
Reynolds R.J.	55¼	55¾
Rich'son Merrell	21⅝	21⅜
Rockwell Inter.	29¾	29⅜
Rohm & Haas	28½	29¾
Royal Dutch	56⅛	55⅞
RTE	12⅞	12⅞
Russ Togs	11⅞	11⅞
Ryder System	13½	14
Safeway Stores	36⅜	36⅛
St. Joe Minerals	27⅛	27⅝
St. Regis Paper	27⅝	27¾
Santa Fe Inds.	36½	36
Saul Invest	4⅛	4
Saxon Inds.	4¾	4¾
Schlitz Brewing	13⅜	13½
Schlumberger	68¼	68
SCM	17⅛	17⅛
Scott Paper	15⅜	15⅞
Scovil Mfg.	20½	20¾
Scudder Duo Vest	6⅜	6⅛
Sea Containers	21¼	21½
Seagram	21¼	21⅜
Searle (G.D.)	12⅞	13⅛
Sears Roebuck	25⅝	25⅝
SEDCO	36¼	36¼
Shell Oil	29⅛	29⅛
Shell Transport	37	37
Signal	28⅝	28⅝
Signode Corp.	36⅜	36⅜
Simplicity Pat.	11⅝	11⅝
Singer	19¼	19⅜
Smith Kline	47¾	47¾
Solitron	2	2
Southdown	20⅜	20½
Southern Cal. Ed.	25⅞	25⅞
Southern Co.	16⅞	16¾
Sthn. Nat. Res.	29	28¾
Southern Pacific	33¾	33⅝
Southern Railway	48⅞	48¾
Southland	23¼	23½
S'w't Bancshares	24⅛	24¼
Sperry Hutch.	16⅛	16¼
Sperry Rand	33⅝	33⅞
Squibb	24½	24⅞
Standard Brands	25¼	25⅛
Std. Oil California	38	37¾
Std. Oil Indiana	46⅜	46⅝
Std. Oil Ohio	67⅝	67
Stauff Chemical	36¼	36
Sterling Drug	13⅞	13⅞
Studebaker	47⅜	47¼
Sun Co.	37⅜	38⅝
Sundstrand	23	23½
Syntex	20⅝	20¾
Technicolor	9¼	9⅛
Tektronix	35	35
Teledyne	68	67
Telex	3⅛	3¼
Tenneco	28¾	29⅛
Tesoro Petroleum	7¾	7⅞
Texaco	26	26
Texasgulf	17⅛	17¼
Texas Instm.	69¼	69½
Texas Oil & Gas	31	30⅜
Texas Utilities	19⅞	19⅞
Time Inc.	36¼	36
Times Mirror	23¾	23⅝
Timken	46⅞	46⅞
Trane	34⅝	34⅝
Transamerica	13⅞	13⅞
Tranaco	19¼	19⅛
Trans Union	34⅞	35¼
Transway Int'rnl	23¼	23¼
Trans World Air	11¼	11⅜
Travellers	26½	26⅜
Tri Continental	18½	18⅛
T.R.W.	29¾	30⅜
20th Century Fox	22⅞	22⅝
UAL	20¼	20⅝
UARCO	20¼	20⅜
UGI	22	21⅞
UOP	14¾	14⅞
Unilever	38⅛	38⅜
Unilever NV	54¼	54¼
Union Bancorp	13⅛	13
Union Carbide	38⅜	39⅛
Union Commerce	6¾	6⅞
Union Oil Calif.	49¼	48⅞
Union Pacific	45½	45⅝
Uniroyal	7⅞	7⅞
United Brands	7½	7⅛
United Corp.	10¾	10¾
US Bancorp	27¼	27¼
US Gypsum	23⅛	23½
US Shoe	22¼	22½
US Steel	27⅛	27¼
U. Technologies	34⅛	34½
UV Industries	18⅝	18½
Virginia Elect.	14⅛	14⅛
Walgreen	17½	17½
Warner-Commun.	31⅛	30⅞
Warner-Lambert	27⅜	27⅛
Waste-Man'ment	18⅝	18½
Wells-Fargo	25¾	25⅝
Western Bancorp	30¼	30½
Western N. Amer	24⅝	24½
Western Union	16⅝	16⅝
Westinghse Elect	17⅞	18
Westvaco	26	26⅝
Weyerhaeuser	23	23½
Whirlpool	20⅞	21
White Con. Ind.	20⅞	20⅝
William Co.	17⅞	18
Wisconsin Elect.	28¼	28¼
Woolworth	18	18
Wyly	3¾	3¾
Xerox	45	44¾
Zapata	16⅜	16¾
Zenith Radio	15⅜	15½
U.S. Treas 4% 1980	†94⅛	94
US Treas 4¼% 75/85	†82	81⅝
U.S. 90 Day bills	6.42%	6.41%

CANADA

Stock	Feb. 6	Feb. 3
Abitibi Paper	10⅞	10⅞
Agnico Eagle	5⅛	5⅛
Alcan Aluminium	26½	26¾
Algoma Steel	15¾	15⅝
Asbestos	†39	39¾
Bank of Montreal	17⅝	17⅝
Bank Nova Scotia	18⅝	18⅝
Basic Resources	6½	6⅞
Bell Telephone	52⅝	52⅞
Bow Valley Inds.	21	21
BP Canada	14⅝	15¼
Brascan	14⅞	14⅞
Brinco	[illegible]	†5.25
Calgary Power	34½	34⅛
Camflo Mines	15⅝	15⅝
Canada Cement	9¾	9¾
Canada NW Land	11⅝	11⅝
Can Imp Bk Com	25	24⅞
Canada Indust.	†16½	†16½
Can. Pacific	16¾	16¾
Can. Pacific Inv.	17⅞	18
Can. Super Oil	53	53
Carling O'Keefe	3.15	3.20
Cassiar Asbestos	9⅛	9⅛
Chieftain	20¾	20¾
Cominco	26¾	†27
Cons Bathurst	24⅛	24
Consumer Gas	16¼	16¼
Coseka Resources	7	7
Costain Rich.	7⅞	8
Denison Mines	37¼	37
Dome Mines	74½	74⅛
Dome Petroleum	57	57⅞
Dominion Bridge	23	†22½
Domtar	14¾	14¾
Dupont	12⅜	12¼
Falcon'ge Nickel	17⅝	17⅝
Ford Motor Can.	80	†81
Genstar	26	26
Giant Yell'knife	12¾	†12⅝
Gulf Oil Canada	29	27½
Hawker Sid. Can	5¾	5⅞
Hollinger	29¾	30
Home Oil 'A'	40⅞	41
Hudson Bay Mng	16⅛	16
Hudson Bay	18	17¾
Hudson Oil & Gas	43	43
I.A.C.	17¾	17⅞
Imasco	29⅝	29⅝
Imperial Oil	19⅛	19⅛
Inco	16⅜	16⅞
Indal	9½	9½
Inland Nat. Gas	10¾	10¾
Int'p'r'y Pipe Line	13⅞	13⅞
Kaiser Resources	14	14⅛
Laurn't Fin Corp	7	7
Loblaw Com. 'B'	†3.25	†3.25
McMill'n Bloed'l	16⅞	17
Massey Ferguson	14⅞	14⅞
McIntyre	22¾	22
Moore Corpn.	29⅝	29⅝
Noranda Mines	21⅞	21¾
Norcen Energy	16⅝	16¾
Nthn. Telecom	35⅝	35⅝
Numac Oil & Gas	16	16⅛
Oakwood Petr'm	6.12	5.00
Pacific Copper M.	1.95	2.00
Pacific Petroleum	38½	38⅜
Pan. Can. Pet'm	31¾	31⅛
Patino	15¾	†15½
Peoples Dept. S.	†4.25	4.25
Place Gas & Oil	0.94	0.95
Placer Developmt	20½	20¼
Power Corporat'n	10¼	10¼
Price	10⅞	11
Quebec Sturgeon	1.29	1.33
Ranger Oil	26⅞	27
Reed Shaw	9	9
Rio Algom	24¾	25
Royal Bk. of Can.	26⅛	25⅞
Royal Trust	16	16
Sceptre Resources	8⅛	8⅝
Seagram	23⅝	23½
Shell Canada	15⅛	15¾
Sherritt G. Mines	4.45	4.50
Siebens O.G.	[illegible]	8¾
Simpsons	4.78	4.85
Steel of Canada	23⅛	23⅛
Steep Rock Iron	†2.35	2.35
Texaco Canada	35⅝	35¾
Toronto Dom. Bk.	17⅛	17
Trans Can Pipe Ln	14¾	14⅞
Trans Mount Oil	8⅞	9
Trizec	11¼	11⅜
Union Gas	10¼	10⅛
Utd. Siscoe Mines	7⅝	7½
Walker Hiram	30⅛	30⅛
West Coast Trns	28½	28¾
Weston Geo.	13¾	13¾

* Assented. † Bid. ‡ Asked. § Traded. ¶ New stock.

GERMANY ◆

Feb. 6	Prices Dm.	+ or −	Div. %	Yld. %
AEG	92.7	+0.2	—	—
Allianz Versich.	503	−2	x18	1.8
BMW	224	−1	20	4.4
BASF	139.2	+0.4	17	6.1
Bayer	136.4	+0.1	16	5.9
Bayer. Hypo	292	−1	20	3.4
Bayer. Vereinsbk.	317.5	+0.5	20	3.2
Ciba Int. Neth. wrts	190	......	—	—
Commerzbank	226	+0.5	18	4.0
Conti Gummi	83.7	+0.2	—	—
Daimler Benz	317	−1.5	19	3.0
Degussa	273	+1.3	17	3.1
Demag	159.5	......	14	4.4
Deutsche Bank	310.5	+1.2	20	3.2
Dresdner Bank	250	−0.5	20	4.0
Dyckerhoff Zem't	156	+2	4	1.3
Gutehoffnung	221	+3	12	2.7
Hapag Lloyd	115	+1	12	5.2
Harpener	239	+1	x9	3.8
Hoechst	126.5	......	16	6.4
Hoesch	45.6	+0.3	4	4.5
Horten	120.2	−0.3	10	4.2
Kali und Salz	149.2	−0.8	9	3.0
Karstadt	305	−3	20	3.2
Kaufhof	203.5	−1	20	5.0
Klockner Dm 100	89	+0.5	—	—
KHD	176.8	+3.8	12	3.4
Krupp	96.5	......	—	—
Linde	244	......	16	3.3
Lowenbrau 100	1,500	......	20	1.5
Lufthansa	111.5	−1	7	3.2
MAN	206.5	+0.8	12	2.9
Mannesmann	171.5	+1	14	4.1
Metallges	231	−1	10	2.2
Munchener Ruck	560	+8	18	1.6
Neckermann	115.9	−2.1	—	—
Preussag Dm 100	116	−1	7	6.0
Rhein West Elect.	205.7	−0.5	16	3.9
Schering	262.1	+2	20	3.8
Siemens	295.8	−0.2	16	2.7
Sud Zucker	253	+1	17	3.3
Thyssen A.G.	122	+0.6	11	4.6
Varta	175.2	−0.8	14	4.0
VEBA	116.9	+0.2	12	5.2
Verein & West Bk.	303	......	20	3.3
Volkswagen	210.5	......	10	2.4

AMSTERDAM

Feb. 6	Price Fls.	+ or −	Div. %	Yld. %
Ahold (Fl.20)	100	−1	24	4.8
Akzo (Fl.20)	21.4	−0.5	—	—
Algem Bnk (Fl.100)	354.5	+0.7	A22.5	6.7
Amev (Fl.10)	80.8	+0.1	A44	5.4
Amro Bank (Fl.20)	67.6	......	22½	6.7
Bijenkorf	80	−0.2	23	5.7
Boka Westm (Fl10)	117.5	−0.5	70	5.9
Buhrm Tetterode	57.2	−0.1	25	7.5
Elsevier (Fl.20)	255	+2.5	121	1.6
Ennia N.V. Bearer	128.5	−0.2	32.5	4.4
EuroComTst (Fl.10)	62	......	94.6	5.6
Gist Brocades (Fl10)	37.1	−0.4	22	5.9
Heineken (Fl.25)	104.5	......	14	3.4
Hoogovens (Fl20)	25.2	......	[illegible]	8.1
Hunter D. (Fl.100)	23	......	12	5.2
I.H.C. Holland	13.7	......	10	7.3
KLM (Fl100)	126.2	−0.2	—	—
Int Muller (Fl20)	38.7	−0.4	18	9.3
Naarden (Fl10)	40.8	−0.3	10	2.4
Nat Ned Ins. (Fl10)	104.8	−0.2	46.2	4.4
Ned Cred Bk (Fl20)	50.8	+0.5	20	7.9
Ned. Mid Bk (Fl50)	180.5	......	20	5.6
Oce (Fl.20)	154.3	......	A34	4.4
Van Ommeren	140	+1.4	8	5.7
Pakhoed (Fl.20)	[illegible]	+0.2	31	9.1
Philips (Fl10)	25.7	−0.2	21	6.2
Rijn Sch Ver Fl.100	64.5	+1	16	—
Robeco (Fl.50)	166	......	—	7.6
Rolinco (Fl.50)	116.5	......	A25.2	—
Rorento (Fl.50)	130.2	−0.3	—	5.5
Royal Dutch (Fl20)	126.4	+0.5	A50	7.9
Slavenburg	236	......	19	5.1
Stevin Grp (Fl.20)	147	......	27½	3.7
Tokyo Pac Hlds $	92.5	......	30	0.7
Unilever (Fl.20)	121.9	......	[illegible]	5.7
Viking Res. Int. $1	42.5	−0.1	20	1.1
Westland'n Bank	402	+1	32	4.0

COPENHAGEN ◆

Feb. 6	Price Kroner	+ or −	Div. %	Yld. %
Andelsbanken	140¾	......	11	7.8
Burm'str W. a/s	433	......	15	3.4
Danske Bank	130	−½	11	8.5
East Asiatic Co.	230½	−3	12	5.2
Finansbanken	115½	......	13	11.2
For. Bryggerier	319½	−1¼	12	3.8
For. Papir	77	−1¾	8	10.4
Handelsbank	132	−¼	11	8.3
G.N'th'n H. (Kr80)	250	−1½	12	4.5
Nord Kabel	251¾	−1¼	12	4.8
Oliefabrik	[illegible]	−1	—	—
Privatbank	136¼	......	11	8.2
Provinsbank	142½	......	11	7.7
Soph. Berendsen	367	−½	12	3.3
Superfos	182½	−⅜	12	6.6

VIENNA

Feb. 6	Price %	+ or −	Div. %	Yld. %
Creditanstalt	350	......	10	2.9
Perlmooser	260	......	9	3.4
Selecta	579	−1	48	8.3
Semperit	92	+1	—	—
Steyr Daimler	201	+1	x7	3.5
Veit Magnesit	236	+3	14	5.0

TOKYO ¶

Feb. 6	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	322	+2	14	2.2
Canon	462	+11	12	1.3
Casio	679	......	25	2.2
Chinon	399	+2	20	2.5
Dai Nippon Print	515	−1	18	1.8
Fuji Photo	549	−8	15	1.4
Hitachi	205	......	12	2.9
Honda Motors	575	−10	18	1.6
House Food	1,050	−20	35	1.7
C. Itoh	230	......	12	2.6
Ito-Yokado	1,280	......	30	1.2
Jaccs	604	−4	13	1.1
J.A.L.	2,700	......	—	—
Kansai Elect. Pw.	1,040	−10	10	4.8
Komatsu	308	+3	18	2.9
Kubota	280	−1	15	2.7
Kyoto Ceramic	2,850	+150	35	0.6
Matsushita Ind.	591	−3	20	1.7
Mitsubishi Bank	280	+1	10	1.8
Mitsubishi Heavy	143	−2	12	4.2
Mitsubishi Corp.	415	−3	13	1.6
Mitsui & Co.	317	−2	14	2.2
Mitsukoshi	520	......	20	1.9
Nippon Denso	1,190	......	15	0.6
Nippon Shinpan	519	+15	12	1.0
Nissan Motors	795	+6	16	1.0
Pioneer	1,470	−10	48	1.6
Sanyo Electric	212	+2	12	2.8
Sekisui Prefab	807	−13	30	1.7
Shiseido	998	−22	20	1.0
Sony	1,830	......	40	1.1
Taisho Marine	251	......	11	2.2
Takeda Chemical	329	+7	15	2.3
TDK	1,520	−10	30	1.0
Teijin	118	......	10	4.2
Tokio Marine	496	+1	11	1.1
Tokyo Elect. Pow'r	1,090	−20	8	3.7
Tokyo Sanyo	258	......	12	2.3
Tokyo Shibaura	128	......	10	3.9
Toray	130	......	10	3.8
Toyota Motor	853	+10	20	1.2

Source Nikko Securities, Tokyo.

BRUSSELS/LUXEMBOURG

Feb. 6	Price Frs.	+ or −	Div. Frs. Net	Yld. %
Arbed	2,100	+40	—	—
Bq. Brx. Lamb	1,444	+12	60	4.1
Bekaert "B"	1,715	−10	112	6.4
C.B.R. Cement	1,148	−16	90	7.9
Cockerill	352	+1	—	—
EBES	2,440	......	177	7.2
Electrobel	6,170	−30	430	6.9
Fabrique Nat.	2,470	−15	170	6.9
G.B. Inno-Bm	1,905	......	150	5.6
Gevaert	1,226	−2	80	6.5
Hoboken	2,530	−75	160	6.0
Intercom	1,640	......	142	7.7
Kredietbank	6,170	+10	265	4.0
La Royale Belge	5,210	−30	305	5.8
Pan Holding	2,480	......	82.25	3.3
Petrofina	3,860	−55	180	4.6
Soc Gen Banque	2,780	−20	189	6.8
Soc Gen Belgique	1,875	......	135	7.2
Sofina	2,940	......	205	7.0
Solvay	2,480	−10	A200	8.1
Traction Elect.	2,550	−10	159	6.4
UCB	924	−34	—	—
Un Min. (1/10)	706	−10	60	8.5
Vieille Montagne	1,350	−14	100	7.4

SWITZERLAND ⊕

Feb. 6	Price Frs.	+ or −	Div. %	Yld. %
Aluminium	1,445	+15	6	2.1
BBC 'A'	1,785	+5	10	2.8
Ciba Geigy (Fr.100)	1,230	−10	22	1.8
Do. Pt. Certs	990	+5	22	2.2
Do. Reg.	641	−5	22	3.4
Credit Suisse	2,455	+20	16	3.3
Electrowatt	1,800	......	10	2.8
Fischer (George)	760	−10	5	3.3
Hoffman Pt. Certs	93,000	......	550	0.6
Do. (small)	9,200	−25	55	0.6
Interfood B	3,475	+50	20	2.9
Jelmoli (Fr.100)	1,605	−5	30	1.8
Nestle (Fr.100)	3,690	−5	x85.3	2.3
Do. Reg.	2,365	+10	x85.3	3.7
Oerlikon-B. (F.250)	2,450	−15	x15	15.3
Pirelli SIP (F.100)	299	......	15	5.1
Sandoz (Fr.250)	4,075	+25	26	1.6
Do. Part Certs.	529	+9	26	2.5
Schindler Cts F100	320	+5	9	1.4
Sulzer Cts (F.100)	386	......	14	3.6
Swissair (F.350)	865	+6	8.57	3.5
Swiss Bank (F.100)	422xr	......	10	2.5
Swiss (Re. F.250)	5,050	......	40	2.0
Union Bank	3,465	+15	20	2.9
Zurich Ins.	11,850	+50	40	1.7

MILAN

Feb. 6	Price Lire	+ or −	Div. Lire	Yld. %
Anic	127.25	+4.25	—	—
Ausonia Assic.	1,000	+11	120	12.0
Bastogi	425.5	+16.5	—	—
Fiat	1,940	+25	150	7.7
Do. Priv.	1,545	+31	150	9.7
Finsider	85	+2	—	—
Italcement	10,500	+210	200	1.9
Italsider	128.25	+1.75	—	—
Mediobanca	32,090	+140	1,200	3.8
Montedison	147.75	+5.75	—	—
Olivetti Priv.	785	+12	—	—
Pirelli & Co.	2,101	+55	110	[illegible]
Pirelli Spa	1,080	+16	80	7.8
Snia Viscosa	509	+30	—	—

AUSTRALIA

Feb. 6	Aus. $	+ or −
ACMIL (25 cent)	†0.75	+0.01
Acrow Australia	†0.83	......
Allied Mnt-Trdg. Indus $1	†2.25	+0.05
Ampol Exploration	†1.30	+0.02
Ampol Petroleum	†0.79	+0.05
Assoc. Minerals	†0.78	......
Assoc. Pulp Paper $1	†1.07	+0.04
Assoc. Con. Industries	†1.69	+0.05
Aust. Foundation Invest.	†0.97	+0.01
A.N.I.	†1.50	−0.02
Audimco	†0.40	......
Aust. Oil & Gas	†0.29	......
Blue Metal Ind.	†0.98	......
Bougainville Copper	†0.99	......
Broken Hill Proprietary	†5.42	+0.18
BH South	†0.91	−0.01
Carlton United Brewery	†1.82	−0.05
C. J. Coles	†1.97	+0.06
CSR ($1)	†2.86	−0.06
Cons. Goldfields Aust.	†2.80	+0.15
Container ($1)	†2.05	......
Conzinc Riotinto	†2.08	−0.01
Costain Australia	†1.30	......
Dunlop Rubber ($1)	†1.35	+0.02
ESCOR	†1.12	+0.03
Elder Smith	†1.87	+0.12
E.Z. Industries	†3.05	−0.05
Gen. Property Trust	†1.35	−0.06
Hamersley	†2.20	......
Hooker	†0.78	+0.01
I.C.I. Australia	†2.09	+0.01
Inter-Copper	†0.29	......
Jennings Industries	†1.34	......
Jones (David)	†1.05	......
Metals Exploration	†0.16	−0.01
MIM Holdings	†1.70	−0.02
Myer Emporium	†1.93	+0.05
News	†2.21	......
Nicholas International	†0.95	......
North Broken H'dings (50c)	†1.15	......
Oakbridge	†1.79	......
Oil Search	†0.07	−0.01
Pioneer Concrete	†1.44	+0.01
H. C. Sleigh	†0.79	+0.01
Southland Mining	†0.19	......
Tooth ($1)	†1.75	−0.01
Waltons	†0.94	+0.01
Western Mining (50 cents)	†1.14	......
Woolworths	†1.67	+0.01

PARIS

Feb. 6	Price Frs.	+ or −	Div. Frs.	Yld. %
Rente 4½	500.1	−0.9	4½	0.6
Afrique Occid't'le	288.2	−7.8	21.15	7.5
Air Liquide	350	+5	16.5	7.1
Aquitaine	502	+2	24	8.0
BIC	454	−5	11.15	2.5
Bouygues	550	−4	51.45	9.7
B.S.N. Gervais	520	......	37.8	11.8
Carrefour	1,164	−20	30	5.2
C.G.E.	248.1	−0.9	27.6	11.1
C.I.T. Alcatel	749	+19	54.2	7.6
Cie Bancaire	318.5	−1.2	12	5.4
Club Mediter.	299.9	+2.4	6.35	2.1
Credit Com Fr'ce	99	−2	11.1	11.2
Creusot Loire	60.0	−0.1	12	24.0
Dumez	435	......	16.05	3.7
Fr. Petroles	94	+1	14.1	15.0
Gen. Occidentale	177.0	−0.5	8.25	4.7
Imetal	50.35	+0.35	5.25	10.5
Jacques Borel	81	−1		
Lafarge	131.0	−2.5	16.77	12.8
L'Oreal	445	+5	16.5	3.6
Legrand	1,165	+15	31.56	2.7
Maisons Phenix	503	......	39.9	6.6
Michelin "B"	990	−4	32.55	3.3
Moet Hennessy	314	−1	12.6	4.0
Moulinex	127.0	+1.5	3	2.4
Paribas	163.5	+0.3	12.85	15.0
Pechiney	64.1	+0.3	7.5	11.7
Pernod-Ricard	179.0	+2.5	12	6.2
Peugeot-Citroen	242.5	−2.0	15	6.2
Poclain	79	−3		
Radio Technique	292	+2	25.5	8.7
Redoute	459	−12	24	4.3
Rhone Poulenc	49.9	+0.9	9	18.0
St. Gobain	110.5	+1.5	13.65	12.4
Skis Rossignol	1,590	+40	39	2.5
Suez	199	−1	25.5	12.9
Telemecanique	499	+1	22.75	4.4
Thomson Brandt	116	−1	15.15	12.8
Usinor	17.8	......	—	—

STOCKHOLM

Feb. 6	Price Krone	+ or −	Div. Kr.	Yld. %
AGA AB (Kr.50)	160	......	5.6	3.1
Alfa Laval B (Kr50)	155	+3	5	3.2
ASEA (Kr.50)	91.5	+1	5	5.5
Atlas Copco (Kr.25)	121	......	5	4.2
Billerud	69	+2	[illegible]	7.8
Bofors	120	+5	4	3.3
Cardo	405	......	12	5.9
Cellulosa	220	−5	10	4.5
Elec'lux 'B' (Kr.50)	129	......	5.5	4.2
Ericsson 'B' (Kr50)	136	......	6	4.7
Esselte 'B'	255	+2	8	5.4
Fagersta	69	......	8	11.0
Granges (free)	54	+1		
Handelsbanken	275	+3	14.97	5.4
Marabou	120	−10	8	5.7
Mo Och Domsjo	69	+1.5	6.5	9.4
Sandvik A.B.	216	+1	5.03	2.3
S.K.F. 'B' Kr.	72.5	+0.5	4.5	6.2
Skand Enskilda	135	......	8	5.9
Tandstik 'B' Kr50	84	−1	5	5.9
Uddeholm	47	−1.5		
Volvo (Kr. 50)	71.5	+3.5	6	8.4

BRAZIL

Feb. 3	Price Cruz	+ or −	Div. Cruz	Yld. %
Acesita	1.17	−0.01	0.12	[illegible]
Banco Brazil PP	3.82	+0.07	0.16	4.71
Belgo Mineira OP	1.77	+0.01	0.12	6.78
Docas OP	1.14	......	0.14	[illegible]
Lojas Amer. OP	3.0	+0.10	0.20	6.67
Mannesmann OP	2.17	−0.01	0.18	8.29
Petrobras PP	3.19	−0.06	0.10	3.13
Pirelli OP	2.15	......	0.16	7.44
Souza Cruz OP	5.90	+0.05	0.35	5.90
Vale Rio Doce PP	1.67	−0.01	0.13	7.78

Vol. Cr.88.6m. Shares 39.6m.
Source: Rio de Janeiro SE.

OSLO

Feb. 6	Price Kroner	+ or −	Div. %	Yld. %
Bergen Bank	98	+5	9	[illegible]
Borregaard	67.5	......	4	[illegible]
Creditbank	115	−1	11	9.7
Kosmo	355	......	20	5.6
Kreditkassen	104	−1	11	10.4
Norsk Hydro Kr.80	179	+1	12	5.3
Storebrand	87.5	......	9	10.3

JOHANNESBURG

MINES

Feb. 6	Rand	+ or −
Anglo American Corpn.	5.15	[illegible]
Charter Consolidated	3.16	[illegible]
East Driefontein	12.16	[illegible]
Elsburg	2.92	[illegible]
Harmony	7.45	[illegible]
Kinross	6.35	[illegible]
Kloof	9.20	[illegible]
Rustenburg Platinum	1.68	[illegible]
St. Helena	15.90	[illegible]
Southvaal	9.20	[illegible]
Gold Fields SA	22.15	[illegible]
Union Corporation	5.15	[illegible]
De Beers Deferred	5.65	[illegible]
Blyvooruitzicht	5.30	[illegible]
East Rand Pty.	8.75	[illegible]
Free State Geduld	25.50	[illegible]
President Brand	12.10	[illegible]
President Steyn	13.25	[illegible]
Stilfontein	4.95	[illegible]
Welkom	4.40	[illegible]
West Driefontein	35.00	[illegible]
Western Holdings	29.50	[illegible]
Western Deep	12.75	[illegible]

INDUSTRIALS

AECI	2.25	[illegible]
Anglo-Amer. Industrial	8.85	[illegible]
Barlow Rand	3.85	[illegible]
CNA Investments	†1.25	[illegible]
Currie Finance	0.55	[illegible]
De Beers Industrial	†9.50	[illegible]
Edgars Consolidated Inv.	1.80	[illegible]
Edgars Stores	†21.00	[illegible]
EverReady SA	†1.50	[illegible]
Federale Volksbeleggings	1.50	[illegible]
Greatermans Stores	2.45	[illegible]
Guardian Assurance (SA)	1.78	[illegible]
Huletts	†2.17	[illegible]
LTA	1.75	[illegible]
McCarthy Rodway	0.60	[illegible]
NedBank	2.32	[illegible]
OK Bazaars	3.85	[illegible]
Premier Milling	†6.25	[illegible]
Pretoria Cement	3.40	[illegible]
Protea Holdings	1.08	[illegible]
Rand Mines Properties	2.40	[illegible]
Rembrandt Group	3.45	[illegible]
Retco	0.41	[illegible]
Sage Holdings	1.43	[illegible]
C. G. Smith Sugar	7.90	[illegible]
Sorec	[illegible]	[illegible]
SA Breweries	1.20	[illegible]
Tiger Oats and Natl. Mlg.	19.00	[illegible]
Unisec	1.15	[illegible]

Securities Rand $U.S.[illegible]

SPAIN ♥

February 3	Per cent	+ or −
Asland	105	
Banco Bilbao	265	−2
Banco Atlantico (1,000)	234	+1
Banco Central	337	−3
Banco Exterior	298	
Banco General	246	
Banco Granada (1,000)	160	
Banco Hispano	201	
Banco Ind. Cat. (1,000)	175	
B. I. Andaluz	53	−1
Banco Popular	210	−1
Banco Santander (250)	345	−3
Banco Urquijo (1,000)	225	
Banco Vizcaya	207	
Banco Zaragozano	303	
Bankunion	141	−2
Banus Andalucia	235	
Babcock Wilcox	31	+3
CIC	114	
Dragados	227	
E. I. Aragonesas	83	+1
Espanola Zinc	101	
Expl. Rio Tinto	105.25	+1
Fecsa (1,000)	65	
Fenosa (1,000)	70.50	
Gal. Preciados	106	
Grupo Velazquez (400)	165	
Hidrola	80	+1.25
Inmobanif	126	
Iberduero	59.50	+1.25
Olarra	73	
Papeleras Reunidas	62	+2.50
Petroliber	136	
Petroleos	195	
Sarrio Papalera	66	
Sniace	34.50	
Sogefisa	125	
Telefonica	84.25	+0.25
Torras Hostench	112	
Tubacex	102	+3
Union Elec.	63	+1

FARMING AND RAW MATERIALS

Brazil 'will have higher coffee crop'

RIO DE JANEIRO, Feb. 6.

THE BRAZILIAN Coffee Institute's first 1978-79 coffee crop forecast is 20.7m. bags (60 kilos each) against a final estimate for the 1977-78 of 16.1m. bags, Sr. Camillo Calazans, the Institute's president, said here.

The main rise is in the state of Parana, worst hit by the 1975 frost, where the crop is expected to reach 5.5m. bags against 1.8m. in 1977-78.

Sao Paulo's crop is forecast to reach 8.2m. bags compared with 7.7m. and Esprito Santo's 1.8m. (1.2m.).

But Minas Gerais' output is expected to slip slightly from 4.9m. bags to 4.7m. Other states' crops are estimated unchanged at 500,000 bags.

Sr. Calazans said the coffee crop is recovering after the 1975 frost, but has not reached "a normal harvest"—around 26-28m. bags.

The crop next year, given reasonable conditions, could be around 24m. bags and reach around 27m. bags in 1980, he added.

But the Institute warned that the figure of 20.7m. bags for next season could well be reduced because of dry weather after the flowering.

Reuter

Cut-price potatoes will save food industry jobs

BY CHRISTOPHER PARKES

THE GOVERNMENT yesterday allowed surplus potatoes to be sold cheaply to canners, frozen chip, crisp and dehydrated mash makers.

The special price of £30 a tonne is about £10 below the average going rate for potatoes on the open market.

Mr. Gavin Strang, junior Agriculture Minister, told the Commons that the aim is to help U.K. processors to maintain present production levels and "avoid further redundancies."

Although full figures are not available, the Potato Processors' Association says about 6,000 workers could have lost their jobs had the Government not acted to keep down raw material prices.

The Potato Marketing Board is offering part of last year's heavy crop as animal feed at £12 a tonne. But even at that price sales are far from booming.

So far some 7,000 tonnes have been sold back as feed to farmers. Merchants have taken another 3,000 tonnes.

The board is holding about 250,000 tonnes of potatoes which it has bought off the market this season, and has offers of a further 1m. tonnes from farmers eager to off-load their crops.

It stressed that reduced-price potatoes would not be available to processors which had failed to honour contract obligations.

Companies usually buy part of their supplies forward, and the average agreed contract price this season was between £50 and £70 a tonne.

Prices on the open market have been consistently below that level since harvesting started late last summer.

The Government offer remains open until mid-June, and companies taking advantage are also obliged not to lay off any more workers and also to keep their end prices unchanged from present levels.

Mr. Richard Harris, chairman of the Potato Processors' Association, said the Government's action should help his members to stabilise prices and reduce the risk of further redundancies.

His company, Potato and Allied Services, specialising in frozen chip manufacture, had been forced to make 100 of its 350 workforce redundant this year.

Mr. Harris said that he had expected the final steps to full EEC membership on January 1 to lead to a free European potato market and lower prices.

But instead the Government had blocked imports of raw potatoes, and taken other action—support buying, for example—to boost potato prices on the home market.

"So, because of Government action the processors' difficulties have been worsened," he said.

By blocking out imports of fresh potatoes from Holland, France and Belgium at the New Year, the Government raised the pressure on market prices in those countries, thus reducing the raw material costs of processors there.

Potato prices are averaging £15 to £20 a tonne in Europe, with some crops fetching only £10.

Thus, even allowing for higher processing costs in Holland, for example, and the bill for transport across the North Sea, Dutch processors can still undercut the U.K. industry.

Europe zinc producer price cut

By John Edwards, Commodities Editor

A cut in its official European zinc producer price—from $600 to $550 a tonne—was announced yesterday in The Hague by Billiton Metals and Ores Nederland.

The reduction, effective immediately, is in response to what the company describes as "market developments."

It follows close on the warning by another major European zinc smelter, Preussag, on Friday that it may have to cut its producer price to stay competitive with discounts of up to 10 per cent. reportedly being offered to consumers.

On the London Metal Exchange "free" zinc market values have been even more depressed, falling recently to the lowest level for four-and-a-half years.

Cash zinc yesterday closed £4 lower at £246 a tonne—equivalent to $477 a tonne, although that is an ex-warehouse price.

The European producer price, at which the bulk of zinc is sold under direct supply contracts, was cut twice last year. First from $795 to $700 and then to $600 in November as a result of huge surplus stocks building up because of a fall in demand.

Since then producers have suffered a further cut in real terms with the fall in the value of the dollar, which unsettled the market again after a short period of stability.

Lead values on the London Metal Exchange were affected by the news of the zinc price cut.

An earlier upward trend in the market was reversed and cash lead closed only £2 up at £315 a tonne.

Copper was buoyed up by an unexpectedly large fall in LME warehouse stocks, which fell by 7,100 tonnes to a total of 636,225 tonnes.

Another fall in tin stocks, down by 180 to 4,190 tonnes, was in line with expectations.

So was a rise of 225 tonnes to 68,300 tonnes in lead stocks, and a fall of 825 to 65,000 in zinc stocks. LME silver holdings fell 240,000 to 19,940,000 ounces.

WEST GERMAN DAIRYING

More gluts despite milk price 'freeze'

BY CHRISTOPHER PARKES

IT IS NOW ALMOST one year since the Common Market started to introduce the raggle-taggle collection of measures aimed at reducing milk production and eventually getting rid of the surpluses of butter and milk powder which have filled so many warehouses and newspaper column inches over the past five years.

Clearly it is too early to attempt a full assessment of the so-called "action programme," but a look at the past year's performance in West Germany—the country whose dairy industry has blossomed under the generous ministrations of the Community milk policy—gives some idea of what a lengthy process dairy reform is going to be.

The number of cows in the Federal Republic last year was virtually the same as in 1976, but milk production rose by 1.5 per cent. to 22.5m. tonnes as yields improved.

At the same time farmers used less milk for their own purposes on the farm and the amount of liquid milk delivered to dairies went up 2.5 per cent.

German consumers drank almost 4 per cent. less liquid milk, thus sending up once again the amount to be processed by dairies. Much of the milk was used in cream and yoghourt production.

Butter output fell—by 7,000 tonnes—for the first time since 1974, but so did consumption of butter, which slipped another 4,000 tonnes. Consumer resistance to the high price prevailing in West Germany has lopped 14 per cent off sales since 1973.

ZMP, the Government-sponsored statistics and agricultural monitoring service, notes that had the Community not subsidised a special cut-price sale of "Christmas butter" during December, the fall in consumption would have been much greater.

German dairies produced 2 per cent. less skimmed milk powder, but consumption fell, too. At the end of the year Germany was holding a good two-thirds of the EEC's 1m. tonnes intervention stock of skim powder and a similar proportion of the 400,000 tonne public stock of butter.

And all this happened in a year when, to all intents and purposes, the price farmers received for their milk was frozen.

In round figures, the producer price for milk in Germany rose 2 per cent., but this was doubtless reduced by inflation to nothing or even less in real terms.

Of course, the reduction in butter and skimmed milk powder output appears promising. But this can give no real cause for cheer in Brussels until the lines on the consumption graphs take an upward turn and until the ever-pressing flood of milk off the farm is reduced.

Clearly, last year at least, German producers were not attracted by EEC offers of grants for men prepared to quit dairying.

Most of the milk diverted from the liquid and butter markets last year was pushed into cheese production. And again, while consumption of cheese rose, it did not go up enough to match the extra output.

Exports are thus growing more important for cheese makers. There is no official support buying mechanism for cheese in the EEC (other than some Italian specialities) and with heavy stocks already overhanging the market, there is always a risk that the imbalances will lead dairy managers to retreat to the relative safety of the butter market and the cast-iron guarantee of the intervention price and the public cold store.

However, the Commission in Brussels has spotted the danger. Although nothing has yet been proposed formally, there is an increasingly powerful lobby within the Berlaymont bureaucracy and the political circles outside, which is calling either for reductions in the official support buying price for skim powder, or suspension of powder buying for a spell.

Any such action would act as a powerful disincentive for creameries contemplating a rise in butter production.

One clear benefit of the measures introduced by the Council of Ministers last spring has been a 12 per cent. rise in the amount of liquid skimmed milk returned to farmers for feeding to livestock. Increased subsidies were responsible for that.

This year ZMP expects milk deliveries to rise again. Cow numbers may go down, but this reduction will once again be offset by a rise in yields.

Once again, however, more milk is likely to be diverted into cheese and yoghourt factories rather than butter making.

Butter output should go down, but consumption will fall at a faster rate. As a result, intervention stocks and the glut of skimmed milk powder will go up again.

Russia offers cheaper softwood

BY A CORRESPONDENT

U.K. IMPORTERS will be able to buy Russian softwood at prices 20 per cent. lower than last year's if they accept the first schedule for 1978 shipments which was circulated at the week-end.

The schedule covers a nominal quantity of 450,000 cubic metres and average prices over the five main grades show a fall of 20 per cent. on the last Russian schedule, in April last year.

Since then the Swedish krona has been devalued twice and weakness has developed in the Canadian dollar; these factors have pulled down world softwood prices so the present Russian prices appear to be in line with the market.

A feature of the schedule is a complicated currency clause which links prices to the Swedish krona. The prices are based on a parity of 9 krona to the pound.

There are five bands and when the krona moves through the bands the contract price will alter by an agreed percentage.

The arrangement should please importers who were holding out for protection against a further devaluation of the krona pulling prices down with it.

Swedish exporters will not welcome the move, because if the krona weakens, ambitions to edge their prices up to compensate might well be thwarted by the automatic reduction of the Russian prices.

Price reductions in the individual grades vary from 18 per cent. for the key grade of 4ths. redwood to over 24 per cent. for the lowest grade.

The currency clause means that importers will not know the actual price of the wood they are buying until they receive the individual bills of lading at time of shipment, which may be as distinct as next August, because the price will depend upon the value of the krona at the time.

But the five bands should spread violent currency variations over the season—something which has not been possible under previous clauses.

Importers have until next Tuesday to make applications against the schedule. The trade believes that the terms have the approval of the large buyers and so the offer will probably succeed.

The Russians are thought to have set a target of around 1.4m. cubic metres for their softwood sales to the U.K. this year, so the present quantity will be added to if the demand is good.

India to study all aspects of tea marketing

By K. K. Sharma

NEW DELHI, Feb. 6.

THE INDIAN Government has appointed a committee to examine the marketing of tea with special attention to the London auctions.

Parliament's public accounts committee recommended a thorough examination of the usefulness of London auctions after criticism that India lost heavily because of dependence on them.

The committee is headed by Dr. Prakash Tandon, director-general of the National Council of Applied Economic Research. The London auctions will be examined to determine whether it would be best to restrict export sales to auctions in India in the interests of producers and consumers of tea.

A shift from export of bulk tea to more value-added forms like packet tea, tea bags and instant tea, will be considered also.

Prices were little changed at yesterday's London auction. Quality tea rose 2p to 150p a kilo and plain tea 3p to 98p. But medium tea was 2p cheaper at 113p a kilo.

Malting barley prospects

BY JOHN CHERRINGTON, AGRICULTURAL CORRESPONDENT

THE USE OF British barley for malt is expected to rise to 2.85m. tons by 1985, 1m. tons higher than in 1974/75.

The demand will come from brewing, distilling and malt exports, together with a rise in malting barley exports to Germany, says a report, out yesterday, by L. M. Sturgess and C. J. Knell, sponsored by the Home-Grown Cereals Authority and users.

The report says there will be no difficulty in obtaining supplies of barley suitable for malting. There are modern varieties, which yield every bit as well as the feeding varieties.

Existing premium prices paid should be sufficient to maintain growers' interest in producing maltsters' needs, the report adds.

The report also says that as quality, particularly nitrogen content, is outside growers' control, farmers plant the variety that suit them best because earning the malting premium is highly uncertain.

NY MARKETS CLOSE EARLY

New York commodity futures markets were forced to close early yesterday due to the heavy snowfalls.

Kerb dealings on the London sugar terminal market also ended early last night in view of the New York closure.

U.S. soyabean 'floor' price rise plan

WASHINGTON, Feb. 6.

A RISE in the soyabean loan rate (the minimum price guaranteed to farmers) and a 10 per cent. "set aside" programme for feedgrains, has been recommended to President Carter by Bob Bergland, Secretary of Agriculture, says Agriculture Department officials yesterday.

The officials added that Mr. Bergland has also recommended that the storage rate, paid to farmers when they put their crops in the reserve grain programme, should rise from 20 to 25 cents a pound.

The officials said Mr. Bergland recommended the 25 cent rise in the soyabean loan rate to bring it more in line with other crops.

Meanwhile, Mr. Bergland announced that starting on March 1, 1977-crop wheat, barley and oats may be placed directly into the grain reserve programme without farmers waiting until any Government loan on the crop has matured.

He also announced a change in the on-farm storage loan programme, raising the amount of storage for which farmers may qualify.

Farmers will be able to obtain a loan for storage structures to store two years crop production, and in determining eligibility, existing capacity used to store grain in the reserve will be excluded.

Stored grains must be held off the market until the price reaches the minimum release level—140 per cent. of the present loan rate for wheat and 125 per cent. for feed grains—or until the contract expires.

Mr. Bergland said early entry of corn and sorghum will be allowed into the reserve at a later date.

The programme is designed to bolster market prices by taking about 17m. tonnes of feed grains and around 9m. tonnes of wheat off the market.

Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Marginally firmer on the London Metal Exchange. Forward metal opened on a firm note and rose to the day's high of £644 on the pre-market reflecting the larger than expected decrease in warehouse stocks. Thereafter the price moved within a narrow range [illegible] which closed early due to a snow storm. Turnover 13,850 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £625, three months £642, 42, 42.5, 42, 41, 41.5, 41. Cathodes, cash £618, three months £631. Kerb: Wirebars, cash £630, three months £641, 42. Afternoon: Wirebars, three months £642, 42.5, 42, 41.5, 42, [illegible]

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	626-.5	+3.5	629-30	+2
3 months	640.5-1	+3.5	642-.5	+2.25
Settlem't	626.5	+3.5	—	......
Cathodes				
Cash	618-.5	+3.5	618.5-9.5	+1.75
3 months	630.5-1	+3.5	631.5-2.5	+2.75
Settlem't	618.5	+3.5	—	......
U.S. Prod.				

TIN—Steady. The overall increase in the Penang price over the week-end prior to the Chinese holiday caused forward metal to be marked-up to £6,280 on the pre-market. As sterling eased slightly the price moved up to £6,300 but then eased as profit-taking and hedge selling appeared. In the afternoon the price declined further as a lack of follow-through of recent U.S. consumer interest took it back to £6,240 before a modest rally left it at £6,250 on the late kerb. The absence of the recent borrowing of cash caused the backwardation to narrow to around £95. Turnover 1,385 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6390-5	—2.5	6330-50	—10
3 months	6280-90	+12.5	6260-75	+22.5
Settlem't	6395	—5	—	......
Standard				
Cash	6390-5	—2.5	6330-50	—10
3 months	6270-80	+2.5	6255-60	+12.5
Settlem't	6395	—5	—	......
Straits E.	[illegible]			
New York	[illegible]			

LEAD [illegible]

ZINC [illegible]

G. Index Limited 01-351 3466. May Cocoa 1478-1487
[illegible] Lamont Road, London SW10 0HS.

SILVER

Silver was fixed 1.5p an ounce higher for spot delivery in the London bullion market yesterday [illegible]

JUTE

DUNDEE JUTE—Quiet. [illegible]

COCOA

Prices bounced up from lows of day with renewed consumer interest, reports Gill and Duffus.

COFFEE

GRAINS

MARK LANE—Thin market with limited trades. Overall picture indicates prices on denaturable quality wheat 50p higher than Friday. Milling wheat: Feb. £93.50, Mar. £96, April, May, June £100. Denaturable quality wheat: Feb. £92, Mar. [illegible], April, May, June £86.25. Barley: Feb. £73.75, Mar. £74.75, April, May, June £77.

EEC IMPORT LEVIES—Effective to-day [illegible]

WOOL FUTURES

LONDON—Restricted to distants where steadier tone evident, reports Bache.

(Pence per kilo)

RUBBER

SOYABEAN MEAL

SUGAR

MEAT/VEGETABLES

PRICE CHANGES

Prices per tonne unless otherwise stated.

FINANCIAL TIMES

REUTER'S

DOW JONES

MOODY'S

U.S. Markets

NEW YORK, Feb. 6

Cocoa—March 138.25 (135.35), May 127.45 (125.35), July 122.35, Sept. 120.70, Dec. 117.30, March 115.30, May 113.30. Sales: 813.

Coffee—"C" Contract, March 194.00-194.30 (192.00), May 174.01-174.50 (173.00), July 167.00, Sept. 152.50-152.75, Dec. 142.00-142.50, March 139.00-140.00, [illegible]

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100 ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime Steam f.o.b. NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse, 5,000 bushel lots. § $s per troy ounce for 50 ounce units of 99.9 per cent. purity delivered NY. ¶ Cents per troy ounce ex-warehouse. || New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb bushel in store. †† Cents per 24 lb bushel. ‡‡ Cents per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots. ¶¶ $C per tonne.

Ghana cocoa

ACCRA, Feb. 6.

THE Ghana Cocoa Marketing Board said cumulative purchases for the 1977/78 main crop are 178 554 tonnes.

The board previously estimated cumulative purchases to January 23 at 151,133 tonnes.

Last season main crop purchases started on September 30, 1976 and by the end of the 18th week (ended February 3) the cumulative total was 294,437 tonnes.

Reuter.

CONTRACTS AND TENDERS

STOCK EXCHANGE REPORT

Further profit-taking lowers gilt-edged by up to £1¼

Index down only 0.6 at 458.1 but second-line stocks fall

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Jan. 16	Jan. 26	Jan. 27	Feb. 7
Jan. 30	Feb. 9	Feb. 10	Feb. 21
Feb. 13	Feb. 23	Feb. 24	Mar. 7

* " New time " dealings may take place from 9.30 a.m. two business days earlier.

Recent gloom in British Funds deepened yesterday, further profit-taking leaving widespread losses to 1¼ points. The best January Wholesale Price indices for five years was hardly sufficient to offset current uncertainties about the financial background and growing pressure on the Government's pay guidelines. The Government Securities index shed 0.78 for a loss of over 5 per cent. since the start of the year to 74.05, its lowest since December 1.

As on Friday of last week, dullness in equities was more noticeable in second-line stocks with leading issues ending no more than narrowly mixed. The FT 30-share index closed only 0.6 off at 458.1 after having been 1.9 down at the day's lowest at 3 p.m. Prices had opened a little harder generally, but early weakness in the Funds and the absence of buying interest caused a gentle downdrift in small trading.

Scattered firm spots usually resulted from week-end Press comment and from speculative demand for actual and rumoured bid situations. Overall, however, the tone was illustrated in the near- 5-to-1 falls recorded in all FT-quoted Industrials and by numerous losses in the FT-Actuaries indices: the All-share eased 0.4 per cent. to 199.15.

Official markings amounted to 6,411—much the same as last Friday's 6,361 and the week-ago 6,300.

No respite for Gilts

British Funds were again forced to absorb considerable liquidation from both overseas holders and the U.K. institutions, developments which brought losses extending to 1¼ points among the longer maturities and to ⅜ in the shorter issues. The recent uncertain atmosphere in the market was made more sensitive by the current pay imbroglio and the nearness of banks' eligible liabilities figures, due to-morrow, while the liquidity position was strained by yesterday's call of £320m. on Treasury 10½ per cent. 1999. This accumulation of events encouraged many more holders with profits to close their commitment and although orders generally were less sizeable than on Friday they were persistent, allowing little by way of a recovery. In the circumstances, the latest Wholesale Prices Indices, deemed encouraging, were forgotten with the result that a small rally in the inter-office trading failed to last. The long tap Exchequer 10½ per cent. 1995 slipped further to close at 23, in £30-paid form, or 3 points below the issue price without attracting intervention from the Government broker. Corporations moved with the main funds and sustained falls to ⅞, the recently-issued Tameside 10¾ per cent. 1984-85 losing that much to 8, in £10-paid form. Southern Rhodesian bonds drifted lower awaiting news on the peace talks, the 2½ per cent. 1965-70 reacting 3 points to £64.

A fairly small but generally well-balanced trade brought few significant fluctuations in the investment currency premium which, after hovering between 78 and 76¾ per cent., closed a net ¾ lower at 77¼ per cent. Yesterday's SE conversion factor was 0.7577 (0.7540).

Royals easier again

Royal and Sun Alliance, the two worst affected issues last week in Composite Insurance, remained on offer. The former, still worried by persisting rumours of a rights issue, cheapened 5 to 370p, after 365p, while the latter softened 2 to 522p, after 520p, on continuing consideration of the dispute with the Government over the group's recent pay award.

The Banking sector had very little to offer. Where changed, prices were easier with UDT a penny off at 41p, after 40p, ahead of to-morrow's interim results. Moorgate Mercantile and George Starla also gave up a penny to 11p and 12p respectively. Mirroring the dull trend in gilts, Union Discount receded 5 to 430p and Cater Ryder shed 7 to 273p. The major clearing Banks held at pre-week-end levels.

Breweries spent another quiet session. Allied finished fractionally cheaper at 81½p, after 81p. Bass Charrington eased a penny to 137p, and A. Guinness shed 2 to 177p. Elsewhere, Geo. Sandeman moved up to 59p on renewed speculative interest before closing unchanged on the day at 57p.

Little of interest occurred in Buildings, where prices drifted lower on lack of interest. Nottingham Brick encountered profit-taking and lost 8 to 220p, while falls of 4 were seen in Aberthaw Cement, 146p, and G. H. Downing, 216p. Still reflecting a recent chart sell recommendation, AP Cement lost the turn more to 234p. Vibroplant, on the other hand, edged forward 2 to 162p in reply to the first-half figures.

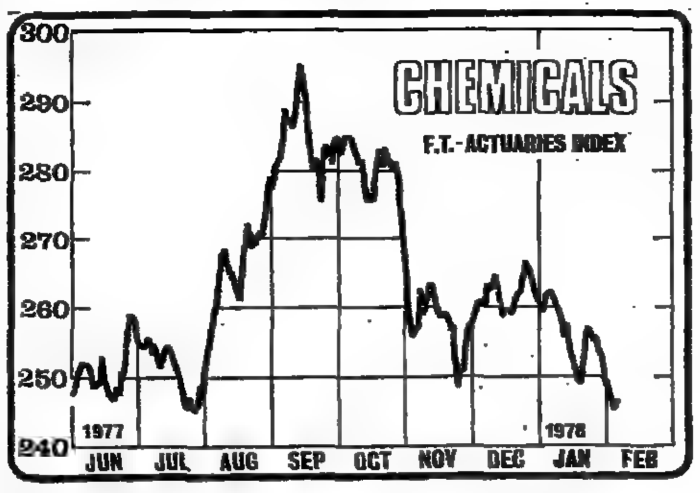
ICI hardened 3 to 342p in otherwise mixed Chemicals.

ATV A at 100p, and LWT A, at 120p, lost 3 and 4 respectively among dull Television issues.

Stores easier

Comment on the increased first-half loss took Hardy (Furnishers) Ordinary down a penny more to 30p, after 28p, and the A 2½p lower to 27½p. Freemans (London) shed 6 to 274p. Wallis lost 5 to 50p and Dixons Photographic a like amount to 149p. W. H. Smith "A" reacted 4 more to 139p among otherwise little changed leaders.

GEC rallied from initial dullness to close a penny dearer at 252p, after 249p. EMI, however, ended a shade lower at 177p, while Thorn were 3 cheaper at 347p. Outside of the leaders, the trend was lower. Muirhead met with sporadic selling and gave up 6 at 178p, while falls of around 3 were recorded in AB Electronic, 99p, Dale Electronic, 137p, and Farnell, 197p. Chloride eased 2 to 94p and Brocks were similarly cheaper at 70p. Among the rare bright spots, H. Wigfall were supported on hopes of further developments in the bid situation and gained 4 to 266p.



Apart from Tubes, down 6 at 380p, and Vickers, 5 cheaper at 179p, losses in leading Engineerings were confined to a penny or so. Scattered selling was evident in secondary issues among which Adwest gave up 6 at 240p and Amalgamated Power a similar amount at 116p. Falls of around 4 were sustained by B. Elliott, 89p, Jones and Shipman, 114p, and Rotork, 116p. WGI, a recent speculative favourite, came back 3 to 90p, while S. W. Wood eased 2 to 40p ahead of Thursday's interim results. In contrast, favourable week-end Press mention prompted marginal gains in Woodhouse and Rixson, 31p, S. Osburn, 83p, and Cooper Industries, 18½p. Other firm spots included Birmingham Pallet, 3 to the good at 71p, and Smith Holdings (Whitworth), 1½ better at 9½p. Mining Supplies hardened a penny to 68p in front of to-morrow's first-half figures. Among Shipbuilders, Yarrow reacted 5 to 265p.

Foods remained on the downward path. Sidney C. Banks fell 4 to 72p, while losses of around 10 were seen in Bluebird Confectionery, 144p, and British Sugar, 440p. A. G. Barr finished 2 cheaper at 200p following the chairman's statement. After the recent sharp decline, Retailing issues became steadier and closed little changed with the notable exception of William Morrison, which were lowered 8 to 165p on small selling in a thin market. Kwik Save were 1½ cheaper at 85p ex the scrip issue.

Hotels and Caterers had little to commend them. Elsewhere, Ladbroke shaded 2 to 181p and Coral Leisure 4 to 112p awaiting the Royal Commission's report on gambling.

Reed Int. weak

Miscellaneous Industrial leaders plotted an irregular course in thin trading. Reed International remained friendless and fell 7 further to a 1977-78 low of 118p following adverse comment but Glaxo rebounded 8 to 563p and Beecham picked up 5 at 623p. Elsewhere, Hawkins and Tipson rose 5½ to 76½p, after 77p, on the disclosure that Ellerman Lines had increased its stake in the company to just over 25 per cent. Dixor were marked up 4 to 42p following news that Thomas Borthwick had sold its 37.2 per cent. shareholding in Dixor to a group of investors for 28p per share. The bid approach and possible terms of 48p per share lifted Hamilborne 4 to 44p, after 45p. Still drawing strength from the recent half-yearly figures, Centreway edged forward a penny more to 195p but reflecting continued unsettlement over the proposed Allegheney deal, Wilkson Match shed 8 to 178p. Further consideration of last Friday's results and the directors' warning of increased current-year competition prompted a fall of 6 to 38p, after 37p, in Harris Lebus. Profit-taking after the recent strength left Boosey and Hawkes 5 easier at 200p and Norton and Wright 9 down at 174p, while Whatman Reeve Angel shed 7 to 243p and Sale Tilney 13 to 212p. Comment on the interim preformance upset Longton Transport, which lost 3 to 57p.

Motor Distributors, which have undergone a substantial upward market re-rating recently, closed with widespread losses on selling prompted by concern about the current petrol delivery dispute. BSG International finished 1½ off at 37p despite reports that a large line of stock which had been overhanging the market had been placed, while losses of around 3 were seen in Henlys, 118p, and Heron, 101p. T. C. Harrington fell 10 to 100p, while Adams and Gibbon, 80p, and Appleyard, 78p, lost 7 and 8 respectively. Falls of 4 were recorded in Caffyns, 97p, and Charles Hurst, 79p, while Lex Service eased 2½ to 69½p. Against the trend, Alexanders held steady at 17p, after 17½p, sentiment being helped by the substantial recovery in profits and capital proposals. Elsewhere, Kwik-Fit hardened 3 to 51p for a two-day gain of 5½. British Leyland, a firm market of late on the chairman's plans for the company's survival, moved erratically between 24p and 29p before closing without alteration at 26p.

With the exception of Wilson Bros. which hardened 2 to 44½p on renewed buying interest, Newspapers and Publishers succumbed to the dull trend. North Sea oil stocks lost further ground. Thomson easing 7 to 603p, Daily Mail "A" retreating 8 to 302p and Associated 3 to 148p. Among Paper/Printings, losses of 8 and 9 respectively were seen in McCorquodale, 230p, and Jefferson Smurfit, 175p.

With underlying sentiment helped to a certain extent by a broker's favourable circular, leading Properties held steady to firm, but secondary issues encountered further sporadic selling. Among the more noteworthy falls, Churchbury dipped 8 to 257p and Imry 7 to 293p. Property Holdings reacted 5 to 313p and losses of 4 were seen in Chesterfield, 291p, Bradford, 220p, and Rush and Tompkins, 105p. Clarke Nicholls, down 7 at 85p, encountered profit-taking following the recent good rise ahead of and after news that Guinness Mahon had sold its 20.3 per cent. stake in CN to Bremar Holdings. Smaller-priced issues to give ground included Dares Estates, 1½ cheaper at 14½p. In contrast, Lend Lease hardened a penny to 191p on the increased interim dividend and profits.

Interest in leading Oils was at a low ebb and both British Petroleum and Shell closed without alteration at 760p and 484p respectively. Ultramar eased a few pence to 222p, while in the more speculative issues, Lasmo came on offer at 170p, down 4, with the Options falling 10 to 353p. Against the trend, Gas and Oil Acreage firmed 2 to 93p in response to favourable Press comment.

Overseas Traders provided dull spots in Steel Bros., 8 easier at 354p, and Harrisons and Crosfield, 25 cheaper at 325p.

Small public selling and lack of interest from the institutions took its toll of Investment Trusts which closed with fairly substantial losses throughout the list. Capital issues once again paved the way. Dualvest fell 12 to 186p, while Altifund, 188p, and Derby Trust, 144p, lost 7 and 8 respectively. SPLIT eased 2 to 52p, while losses of 3 were seen in New Throgmorton, 80p, and Triplevest, 130p. Family Investment declined 7 to 72p, but small buying in a thin market raised Camellia Investments 11 to 208p. Electra Investment Trust 6 per cent. Debenture was raised 16¼ points to £85 on the repayment proposal. In Financials, M. and G. Holdings hardened 4 to 110p.

Shippings drifted gently lower. Lofs were fractionally cheaper at 35½p, while P and O Deferred, 104p, and Furness Withy, 317p, shed 3 apiece.

Textiles contributed two firm features in Sekers International, 3½ up at 21½p, and Tomkinsons, 4 higher at 62p, both following Press comment.

Awaiting to-day's preliminary figures, Imps edged forward ½ to 75½p.

Teas had contrasting movements in Assam Dooars, 10 better at 185p and Mcleod Russel, 5 cheaper at 225p.

Pancontinental weak

The only section of mining markets to show any notable movements was Australians. Uraniums were featured by the weakness of Pancontinentals, which closed 30 lower on balance at 775p, after touching 750p at one point, while EZ Industries gave up 3 at 160p, Peko-Wallsend, which co-partners EZ in the Ranger project and the latest uranium find, eased 2 to 438p, after initially moving up to 448p.

The base-metal producer MIM Holdings fell 2 to 132p. On the other hand Comalco advanced 10 to 223p in response to the increased dividend and sharply higher profit. The firmness of Western Mining in overnight Sydney and Melbourne markets prompted a 2 rise in the shares here to 87p.

Business in South African Golds was minimal as reflected by the Gold Mines index which was unchanged at 151.6. Prices eased a shade in the early trade but later recovered in line with the bullion price, to close showing minor movements either way. The bullion price was finally 75 cents better at $175.625 per ounce.

Among heavyweight Golds West Driefontein hardened ¼ at £17¼, but Vaal Reefs gave up a similar amount to £11¼. The marginal issues showed East Rand Proprietary 12 down at 368p, Grootvlei 4 off at 126p and Marievale 5 cheaper at 83p.

South African Financials moved similarly to Golds. A modest investment demand pushed De Beers 2 higher at 293p.

Coppers were untested, with the exception of RCM, which put on 5 to 65p. Elsewhere, Sabina dropped 4 to 33p following scattered Irish selling.

FINANCIAL TIMES STOCK INDICES

—	Feb. 6	Feb. 3	Feb. 2	Feb. 1	Jan. 31	Jan. 30	A year ago
Government Secs.	74.05	74.83	75.65	76.10	75.61	75.84	65.78
Fixed Interest	78.02	78.72	79.16	79.19	79.20	79.44	65.65
Industrial Ordinary	458.1	458.7	460.5	459.8	467.0	470.0	387.5
Gold Mines	151.6	151.6	153.7	155.0	151.0	154.6	95.8
Ord. Div. Yield	5.83	5.84	5.81	5.71	5.73	5.69	5.81
Earnings Y'ld%(full)(*)	17.78	17.78	17.71	17.41	17.46	17.34	18.34
P/E Ratio (net) (*†)	7.97	7.97	8.00	8.14	8.12	8.17	7.77
Dealings marked	6,411	6,361	6,122	5,015	6,339	6,300	7,036
Equity turnover £m.	—	67.12	65.25	66.58	72.72	64.96	61.29
Equity bargains total	—	12,350	15,058	13,381	12,817	12,368	16,188

10 a.m. 455.4. 11 a.m. 457.7. Noon 458.4. 1 p.m. 457.6. 2 p.m. 457.4. 3 p.m. 456.8.

Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. † Nil=7.92.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1977/78 High	1977/78 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.85 (30/9)	60.46 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (12/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	174.6 (18/10)	95.1 (1/2)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 6	Feb. 3
—Daily		
Gilt-Edged	251.6	228.2
Industries	204.8	209.7
Speculative	38.6	49.7
Totals	145.9	144.8
5-day Av'rage		
Gilt-Edged	224.8	214.8
Industrials	199.0	201.5
Speculative	42.8	46.6
Total	137.9	137.4

OPTIONS TRADED

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb. 7	Feb. 20	May 11	May 23
Feb. 21	Mar. 6	May 25	Jun. 7
Mar. 7	Mar. 20	Jun. 8	Jun. 21

For rate indications see end of Share Information Service

Stocks favoured for the call included Charterhall, Shell Transport, Wearra, Pacific Copper, Duple International, Consolidated Gold Fields, Fitch Lovell, Town and City, London Brick, Grand Central Investment, Mills and Allen, House of Fraser, English Property, Courtaulds, Lloyds Bank, British Land, Royco, Woodhouse and Rixson, and Sun Alliance. Puts were dealt in Beecham, Glaxo, Trafalgar House, Diploma Investments, Pilkington Bros., De Vere Hotels, Reed International, Wilkinson Match, Thomson Organisation and Time Products, while doubles were arranged in Glaxo, BP, Beecham, Lonrho, Adda International, Reed International, London Brick, St. Piran and UDT.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	73	1
Corpns., Dom. and Foreign Bonds	2	42	23
Industrials	195	682	747
Financial and Props.	47	265	222
Oils	1	10	21
Plantation	3	1	20
Mines	12	29	75
Recent Issues	7	14	26
Totals	322	1,099	1,130

FT-Actuaries indices

Technical factors led to the publication last Saturday of incorrect price indices and yields for Friday, February 3, in all the fixed interest groups with the exception of the figures for irredeemables.

The corrected yields are shown in to-day's display. The correct price indices are:— Under five years 108.14, 5-15 years 120.28, Over 15 years 127.55 and All stocks 118.04.

NEW HIGHS AND LOWS FOR 1977/78

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977-78.

NEW HIGHS (6)

INDUSTRIALS (2)
Hamilborne   Hawkins & Tipson
PAPER (1)
Ferry Pickering
TEXTILES (2)
Sekers Internatl.   Tomkinsons
RUBBERS (1)
Grand Central

NEW LOWS (6)

BRITISH FUNDS (1)
Treas. 10½pc '99
AMERICANS (2)
Quaker Oats   U.S. Steel
BUILDINGS (1)
Mears Bros.
STORES (1)
Rivlin (I. D. & S.)
INDUSTRIALS (1)
Reed Internatl.

FINANCIAL TIMES

BRACKEN HOUSE, 10, CANNON STREET, LONDON EC4P 4BY......
Telex: Editorial 886341/2, 883897 Advertisements: 885033 Telegrams: Finantimo, London PS4
Telephone: 01-248 8000
For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026.

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 12171 Tel: 240 555
Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Bonn: Presshaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039
Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037
Cairo: P.O. Box 2040. Tel: 938510
Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321
Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4120
Frankfurt: Im Sachsenlager 13. Telex: 416263 Tel: 555730
Johannesburg: P.O. Box 2128. Telex 8-6257 Tel: 838-7545
Lisbon: Praca da Alegria 58-1D, Lisbon 2. Telex 12533 Tel: 362 508
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772
Manchester: Queens House, Queen Street. Telex 666813 Tel: 061-834 9381
Moscow: Sadovo-Samotechnaya 12-24, Apt. 15. Telex 7900 Tel: 294 3748
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.5743
Rio de Janeiro: Avenida Pres. Vargas 418-10. Tel: 253 4848
Rome: Via della Mercede 55. Telex 61032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88
Tehran: P.O. Box 11-1879. Telex 212634 Tel: 682698
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920
Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004 Telex 440225 Tel: (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
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Frankfurt: Im Sachsenlager 13. Telex 16263 Tel: 554667
Leeds: Permanent House, The Headrow. Tel: 0532 454969
Manchester: Queens House, Queens Street. Telex 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019 Telex 423025 Tel: (212) 489 8300
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J 27104 Tel: 295 4050

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977-78 high	1977-78 low
BATs Defd.	25p	11	227	—	260	302
ICI	£1	11	342	+ 3	446	325
BP	£1	10	760	—	966	760
Reed Intl.	£1	10	116	− 7	233	116
BSG Intl.	10p	8	37	− 1½	43	17½
Brit. Leyland	50p	8	26	—	28	17
Grand Met.	50p	8	93	—	109	62
P & O Defd.	£1	8	104	− 3	175	107
Shell Transport	25p	8	484	—	625	454
Brown (J.)	£1	7	283	− 1	394	98
Burmah Oil	£1	7	53	—	83	41
GEC	25p	7	252	+ 1	264	163
Midland Bank	£1	7	338	—	390	259
Commercial Union	25p	6	138	—	170	103
GUS A	25p	6	274	—	347	176

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1977-8 High	1977-8 Low	Stock	Closing Price p	+ or	Div. Amount	Times Covered	Gross Yield	P/E Ratio
52	F.P.	27/1	60½	55	[illegible]	58½	−½	[illegible]	2.7	6.8	6.1

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1977-8 High	1977-8 Low	Stock	Closing Price £	+ or
[illegible]							

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1977-8 High	1977-8 Low	Stock	Closing Price p	+ or
[illegible]							

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Feb. 6, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) Corp. Tax 52%	Fri. Feb. 3 Index No.	Thurs. Feb. 2 Index No.	Wed. Feb. 1 Index No.	Tues. Jan. 31 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (170)	198.75	−0.7	17.84	5.86	7.92	200.06	201.58	204.95	203.47	154.85
2 Building Materials (27)	178.54	−1.0	17.19	5.92	8.31	180.27	181.53	184.66	184.43	131.79
3 Contracting, Construction (26)	316.20	−1.2	18.10	4.01	8.03	320.08	321.99	326.40	325.65	218.46
4 Electricals (15)	426.19	—	15.60	4.15	9.22	425.98	430.45	440.98	436.01	307.45
5 Engineering Contractors (13)	283.33	−0.6	20.71	6.67	6.61	285.16	286.61	288.66	287.85	194.55
6 Mechanical Engineering (72)	156.00	−1.1	18.93	6.64	7.52	157.67	158.92	161.45	160.34	140.19
8 Metals and Metal Forming (17)	160.85	−0.3	19.52	8.49	6.77	161.41	162.15	163.53	161.35	138.88
CONSUMER GOODS										
11 (DURABLE) (53)	182.42	−0.9	18.65	5.09	7.78	183.99	185.50	187.10	185.89	136.88
12 Lt. Electronics, Radio TV (15)	218.81	−0.9	16.32	3.79	8.85	220.89	223.27	225.67	224.20	152.64
13 Household Goods (12)	169.82	−0.7	18.65	6.98	7.33	171.10	171.78	172.69	172.56	148.32
14 Motors and Distributors (26)	111.17	−0.7	22.35	6.69	6.61	112.00	112.50	113.25	112.37	89.77
CONSUMER GOODS										
21 (NON-DURABLE) (170)	188.22	−0.3	16.81	6.09	8.50	188.82	190.15	193.57	192.52	148.79
22 Breweries (14)	209.69	−0.6	15.52	6.32	9.77	210.98	211.27	213.64	212.28	160.21
23 Wines and Spirits (6)	238.33	−0.3	17.35	6.03	8.74	238.98	238.53	240.12	236.54	169.74
24 Entertainment, Catering (18)	240.66	−0.8	16.20	7.12	9.37	242.66	245.58	251.94	249.86	190.42
25 Food Manufacturing (22)	186.27	−0.2	21.40	5.73	6.65	186.69	187.42	189.43	188.88	163.49
26 Food Retailing (16)	181.54	−0.1	15.02	5.29	9.68	181.73	185.38	188.95	191.62	152.15
32 Newspapers, Publishing (13)	318.81	−1.2	10.54	3.92	14.10	322.82	326.19	329.81	330.95	222.50
33 Packaging and Paper (15)	122.57	−1.7	21.53	9.49	6.68	124.72	126.24	128.06	128.17	103.44
34 Stores (38)	174.61	−0.5	10.98	4.53	14.28	175.49	176.98	181.51	181.07	121.56
35 Textiles (25)	169.77	—	20.57	7.80	6.15	169.80	170.89	174.56	173.74	300.69
36 Tobaccos (3)	224.18	+1.3	24.07	8.01	5.32	221.21	222.27	225.82	221.24	200.76
37 Toys and Games (6)	96.99	−0.8	21.28	6.13	6.28	97.76	99.15	100.80	100.71	85.91
41 OTHER GROUPS (97)	182.59	−0.1	17.35	5.94	7.82	182.69	183.66	186.10	185.78	150.02
42 Chemicals (20)	246.41	+0.5	20.12	6.79	6.99	245.10	245.91	249.18	248.85	219.07
43 Pharmaceutical Products (7)	244.32	+0.7	11.26	4.06	11.39	242.73	243.80	247.10	247.56	8.08
44 Office Equipment (6)	124.08	−0.1	21.35	4.98	6.08	124.19	126.05	127.29	126.42	93.20
45 Shipping (10)	444.26	−1.2	22.17	6.59	5.34	449.68	452.38	460.49	459.60	408.13
46 Miscellaneous (54)	191.71	−0.9	16.48	6.39	8.60	193.47	195.05	197.08	196.40	158.56
49 INDUSTRIAL GROUP (496)	195.40	−0.4	17.33	5.93	8.13	196.13	197.48	200.60	199.68	157.07
51 Oils (4)	429.70	—	16.20	4.56	7.50	429.70	435.40	438.83	445.21	403.57
59 500 SHARE INDEX	215.10	−0.3	17.16	5.73	8.03	215.76	217.46	220.65	220.17	180.17
61 FINANCIAL GROUP (100)	159.58	−0.4	—	5.53	—	160.17	161.17	164.36	163.56	129.00
62 Banks (6)	179.53	−0.3	26.48	5.82	5.76	180.07	180.83	183.31	182.83	140.81
63 Discount Houses (10)	198.81	−1.1	—	8.81	—	201.10	203.77	203.77	205.39	165.14
64 Hire Purchase (5)	157.03	−1.4	11.81	4.99	12.53	159.17	159.89	162.45	160.20	115.02
65 Insurance (Life) (10)	136.40	−1.2	—	6.12	—	137.81	137.87	140.39	138.86	112.26
66 Insurance (Composite) (7)	123.77	−0.3	—	6.50	—	124.13	125.02	129.06	128.95	102.00
67 Insurance Brokers (10)	301.20	−0.4	14.23	4.55	10.27	302.48	302.09	306.42	305.53	254.85
68 Merchant Banks (14)	77.44	−0.6	—	6.17	—	77.98	79.05	80.30	80.11	67.21
69 Property (31)	234.33	+0.1	2.96	2.92	63.16	234.11	236.06	240.35	238.09	169.23
70 Miscellaneous (7)	104.45	+0.1	24.39	7.55	5.73	104.36	105.33	106.25	105.73	84.76
71 Investment Trusts (50)	181.51	−0.7	3.42	5.08	29.25	182.87	185.69	187.41	186.89	171.58
81 Mining Finance (4)	87.10	−0.2	17.90	6.72	6.50	87.24	88.59	90.02	89.88	86.72
91 Overseas Traders (19)	266.39	−1.1	18.04	7.32	7.03	269.31	271.60	271.98	270.82	243.05
99 ALL-SHARE INDEX (673)	199.15	−0.4	—	5.71	—	199.86	201.46	204.49	203.96	170.34

FIXED INTEREST PRICE INDICES

British Government	Mon. Feb. 6	Day's change %	xd adj. To-day	xd adj. 1977 to date
1 Under 5 years	107.31	−0.39	0.41	1.22
2 5-15 years	118.92	−1.15	—	0.96
3 Over 15 years	125.83	−1.10	0.32	1.44
4 Irredeemables	141.38	−1.18	—	[illegible]
5 All stocks	116.77	−0.84	0.29	1.29

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

		Mon. Feb. 6	Fri. Feb. 3	Year ago (approx.)
1 Low Coupons	5 years	7.89	7.75	8.47
2	15 years	10.15	9.99	12.55
3	25 years	10.67	10.55	12.86
4 Medium Coupons	5 years	10.26	10.07	12.21
5	15 years	11.13	10.91	12.49
6	25 years	11.25	11.03	13.06
7 High Coupons	5 years	10.90	10.73	12.99
8	15 years	[illegible]	[illegible]	[illegible]
9	25 years	[illegible]	[illegible]	[illegible]
10 Irredeemables		[illegible]	[illegible]	[illegible]

	Monday Feb. 6 Index No.	Yield %	Friday Feb. 3	Thurs. Feb. 2	Wed. Feb. 1	Tuesday Jan. 31	Monday Jan. 30	Friday Jan. 27	Thurs. Jan. 26	Year ago (approx.)
15 20-yr. Red. Deb. & Loans (15)	63.16	11.95	63.64	63.59	63.64	63.64	63.63	63.66	62.9	[illegible]
16 Investment Trust Prefs. (15)	57.13	12.23	57.13	57.15	57.15	57.05	57.05	57.05	[illegible]	[illegible]
17 Coml. and Indl. Prefs. (20)	77.77	11.67	77.89	77.96	77.94	78.03	78.16	78.15	78.05	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

BASE LENDING RATES

A.B.N. Bank	6½%	C Hoare & Co. †	6½%
Allied Irish Banks Ltd.	6½%	Julian S. Hodge	7½%
American Express Bk.	6½%	Hongkong & Shanghai	6½%
Amro Bank	6½%	Industrial Bk. of Scot.	6½%
A P Bank Ltd.	6½%	Keyser Ullmann	6½%
Henry Ansbacher	6½%	Knowsley & Co. Ltd.	9 %
Banco de Bilbao	6½%	Lloyds Bank	6½%
Bank of Credit & Cmce.	6½%	London & European	8½%
Bank of Cyprus	6½%	London Mercantile	6½%
Bank of N.S.W.	6½%	Midland Bank	6½%
Banque Belge Ltd.	6½%	■ Samuel Montagu	6½%
Banque du Rhone	7 %	■ Morgan Grenfell	6½%
Barclays Bank	6½%	National Westminster	6½%
Barnett Christie Ltd.	8½%	Norwich General Trust	6½%
Bremar Holdings Ltd.	7½%	P. S. Refson & Co.	6½%
Brit. Bank of Mid. East	6½%	Rossminster Accept'cs	6½%
■ Brown Shipley	6½%	Royal Bk. Canada Trust	6½%
Canada Permanent AFI	6½%	Schlesinger Limited	6½%
Capitol C & C Fin. Ltd.	9 %	E. S. Schwab	8½%
Cayzer Ltd.	7 %	Security Trust Co. Ltd.	7½%
Cedar Holdings	8 %	Shenley Trust	9½%
■ Charterhouse Japhet	6½%	Standard Chartered	6½%
C. E. Coates	7½%	Trade Dev. Bank	6½%
Consolidated Credits	6½%	Trustee Savings Bank	6½%
Co-operative Bank *	6½%	Twentieth Century Bk.	7½%
Corinthian Securities	6½%	United Bank of Kuwait	6½%
Credit Lyonnais	6½%	Whiteaway Laidlaw	7 %
The Cyprus Popular Bk.	6½%	Williams & Glyn's	6½%
Duncan Lawrie †	6½%	Yorkshire Bank	6½%
Eagil Trust	6½%		
English Transcont.	8 %		
First London Secs.	6½%		
First Nat. Fin. Corpn.	8½%		
First Nat. Secs. Ltd.	8 %		
■ Antony Gibbs	6½%		
Greyhound Guaranty	6½%		
Grindlays Bank ‡	6½%		
■ Guinness Mahon	6½%		
■ Hambros Bank	6½%		
■ Hill Samuel §	6½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%, 1-month deposits 3¼%.
† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 3½% and over £25,000 4¼%.
‡ Call deposits over £1,000 3%.
§ Demand deposits 4%.
¶ Rate also applies to Sterling Ind. Secs.

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at 24th January, 1978 (Base 100 at 14.1.77.)

Clive Fixed Interest Capital	135.06
Clive Fixed Interest Income	124.73

CORAL INDEX: Close 457-462

INSURANCE BASE RATES

† Property Growth	7½%
Cannon Assurance	4¼%
† Vanbrugh Guaranteed	6.68%

† Address shown under Insurance and Property Bond Table.

COMPANY NOTICES

CREDIT LYONNAIS—1976, 1982
US$75,000,000.— FLOATING RATES

Bondholders are hereby informed that coupon No. 5 of the above loan will be payable as from August 7, 1978, at a price of US$40.446 per coupon representing 182/360th of an interest at 8% per annum and covering the period from February 6 to August 6, 1978, inclusive.

The Fiscal Agent
CREDIT LYONNAIS—LUXEMBOURG

GRANGES AB
THE GRANGESBERG COMPANY
8½% LOAN 1989

S. G. WARBURG & CO. LTD. announce that the sixth annual instalment of Bonds to a nominal value of U.S.$1,000,000 have been purchased for redemption on 15th February, 1978.

U.S.$11,000,000 nominal amount of Bonds will remain outstanding after 15th February, 1978.

30, Gresham Street,
London EC2P 2EB.
7th February, 1978.

CONTINENTAL NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE
NOTICE TO SHIPPERS
Traffic in the Hamburg/Bordeaux Range and the United States Ports Range Portland, Maine/Hampton Roads, Virginia
CURRENCY ADJUSTMENT FACTOR

THIRD ADJUSTMENT

By notice to shippers dated 9 January, 1978, the members lines of this conference advised a currency adjustment factor of 7.0 per cent. effective 10 March, 1978.

They now wish to advise that as a result of further depreciation of the U.S. dollar vis a vis other relevant European currencies, it is necessary to increase the current CAF to 7.5 per cent. on all rates and charges set forth in the subject conference tariff, effective for all member lines' vessels commencing to load at individual conference ports on or after 7 May, 1978.

As previously advised the CAF will remain under constant review and will be adjusted in the light of further fluctuations in the international rates of exchange.

For further information please contact the undermentioned lines, their agents or this office.

American Export Lines Inc.
Atlantic Container Line (G.I.E.)
Dart Containerline Co. Ltd.
Hapag-Lloyd A.G.
Sea-Land Service Inc.
Seatrain International S.A.
United States Lines Inc.

CONTINENTAL NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE
74, St. James's Street,
London SW1A 1PS.
Issued 6th February, 1978.

Windsor Life Assur. Co. Ltd.
1 High Street, Windsor. Windsor 68144

Life Inv. Plans	68.4	72.0	.....	—
FutureAssd.Gth(a)		19.0	.....	—
FutureAssd.Gth(b)		47.0	.....	—
Ret. Assd. Pens.		£27.75	.....	—
Flex. Inv. Growth	106.4	112.0	.....	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. § Guernsey gross. ρ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1977-78 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101	95⅝	Treasury 9pc 1978‡‡	100 xd	.....	8.97	5.71
104	97⅜	Treasury 10½pc '78‡‡	102⅛	−⅛	10.28	5.50
100⅛	90	Exch. 5pc '76-78‡‡	99½	−⅛	5.02	5.79
107	95	Treasury 11½pc '79‡‡	104xd	−⅛	11.06	7.61
97¾	84	Treasury 3pc '79‡‡	94¾	−⅛	3.17	6.48
98¾	85⅛	Electric 4¼pc '74-79	95⅞	−⅛	4.43	6.95
106	92	Treasury 10½pc '79‡‡	102	−⅝	10.24	8.83
97⅝	84⅞	Electric 3½pc '76-79	94¾	−⅛	3.69	6.68
107	87¾	Treasury 9pc 1980‡‡	100¼xd	−⅝	8.98	8.88
105¼	88½	Treasury 9½pc '80‡‡	100⅝	−⅝	9.44	9.17
96	82⅞	Treasury 3½pc '77-80	93⅛	−¼	3.76	6.70
98¼	83	Funding 5¼pc '78-80‡‡	94⅛	−¼	5.58	8.03
112	96	Exchequer 13pc 1980‡‡	107¼	−	12.12	9.93
108	92	Treasury 11½pc 1981‡‡	103⅝	−	11.10	10.03
94¼	77⅞	Treasury 3½pc 1979-81	90¼xd	−¼	3.88	7.14
104	86	Treasury 9¾pc 1981‡‡	99¼	−	9.82	10.02
97	95¼	Exch. 8¼pc 1981	95¼	−	8.66	9.93
103½	97½	Exch. 9¾pc 1981	98	−	9.64	10.01
92⅛	87½	Exch. 3pc 1981	87½xd	−	3.43	7.06
98¾	96⅛	Treas. Variable '81‡‡	96	−	6.50	7.34
113	96¼	Exch. 12¾pc 1981‡‡	107	−	11.85	10.28
100⅝	82⅞	Treas. 8½pc '80-82‡‡	95	−	8.88	9.84
93½	71⅝	Treasury 3pc '82‡‡	84xd	−½	3.57	7.70
119	101⅛	Treasury 14pc '82‡‡	111¾	−	12.53	10.41
98½	95¾	Treas. Variable '82‡‡	95	−⅛	6.54	7.39
98⅝	93⅝	Treasury 8¼pc '82	93	−	8.81	10.05
102⅛	93⅝	Exch. 9¼pc 1982	96⅝	−	9.57	10.18
		Five to Fifteen Years				
87⅞	81	Exch. 3pc '83	81xd	−⅛	3.70	7.58
114¼	95½	Treasury 12pc 1983‡‡	110½	−1	11.34	10.50
101⅜	95¾	Treasury 9¼pc '83	95¾	−1	9.71	10.42
95½	72⅝	Funding 5½pc '82-84‡‡	85⅝	−	6.45	8.73
100¾	77⅜	Treasury 8¼pc '84-86‡‡	93½	−	9.19	9.83
87⅞	66¼	Funding 6½pc '85-87‡‡	83⅝	−	7.94	9.49
94	68½	Treasury 7¾pc '85-88‡‡	85¼	−1	9.12	10.18
74	49⅞	Transport 3pc '78-88	63⅝	−1	4.74	8.35
76¼	53⅞	Treasury 5pc '86-89	70¼	−1	7.28	9.48
121¼	90	Treasury 13pc 1990‡‡	109⅛	−1¼	12.00	11.68
94¾	67⅛	Treasury 8¼pc '87-90‡‡	84⅝	−1¼	9.89	10.70
112	88¾	Treasury 11¾pc 1991	100¼	−1¼	11.83	11.84

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

AMERICANS—Continued

S.E. List Premium 33⅞% (based on $US1.9350 per £)

Conversion factor 0.7577 (0.7540)

CANADIANS

S.E. List Premium 33⅞% (based on $2.1471 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Cont.

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INV. TRUSTS—Continued

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

9½	9	Burma Mines 17½p.	9	......	—	—	—
115	58	Colby Mines SC1	82	+2	—	—	—
600	225	Cons. Murch. 10c.	250	......	Q30c	ϕ	‡
475	250	Northgate C$1	255	−5	—	—	—
247	170	R.T.Z.	170	......	t8.5	q5.1	7.6
70	28½	Sabina Inds. C$1	33	−4	—	—	—
£14¼	800	Tara Explm. $1	855	+25	—	—	—
55	39	Tehidy Minerals 10p	45	......	1.21	2.5	4.1
160	121	Yukon Cons. C$1	127	......	Q7c	ϕ	3.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganization in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▼ Excluding a final dividend declaration.
- ✦ Regional price.
- || No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

" Recent Issues " and " Rights " Page 26

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	......
Ash Spinning	45	......
Bertam	17	......
Bdg'wtr. Est. 50p	270	−5
Clover Croft	22	......
Craig & Rose £1	400	......
Dyson (R.A.)	37	......
Ellis & McHdy	68	......
Evans Fr'k 10p.	58xd	......
Evered	17	+1
Fife Forge	47	......
Finlay Pkg. 5p	20½	+2½
Graig Ship. £1	240	......
Higsons Brew	83	......
I.O.M. Stm. £1	137xd	......
Holt (Jos.) 25p	245	......
N'thn. Goldsmith	64	......
Pearce (C. H.)	130	......
Peel Mills	17	......
Sheffield Brick	47	......
Sheff. Refrshmt.	50	......
Shiloh Spinn	19	......
Sindall (Wm.)	85	......

IRISH

Conv. 9% '80/82	£96⅛	−⅛
Alliance Gas	70	......
Arnott	325	......
Carroll (P.J.)	109	−1
Clondalkin	84	......
Concrete Prods.	125	......
Heiton (Hldgs.)	55	+3
Ins. Corp.	165	......
Irish Ropes	125	+5
Jacob	60	......
Sunbeam	28	......
T.M.G	175	......
Unidare	70	......

OPTIONS
3-month Call Rates

Industrials	
A. Brew	6½
A.P. Cement	18
B.S.R.	9
Babcock	10
Barclays Bank.	25
Beecham	38
Boots Drug	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	13
Cadburys	5
Courtaulds	10
Debenhams	10
Distillers	13
Dunlop	8½
Eagle Star	11
E.M.I.	18
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met.	9
G.U.S. 'A'	18
Guardian	18
G.K.N.	22
Hawker Sidd.	20
House of Fraser.	12
I.C.I.	23
"Imps"	7
I.C.L.	20
Inveresk	7
KCA	5
Ladbroke	17
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lofs"	5
London Brick	5
Lonrho	7
Lucas Inds.	25
Lyons (J.)	13
"Mams"	7
Mrks. & Spncr	11
Midland Bank	25
N.E.I.	20
Nat. West Bank.	22
Do. Warrants	10
P & O Dfd.	10
Plessey	9
R.H.M.	5
Rank Org. 'A'	18
Reed Intl.	14
Spillers	4
Tesco	4
Thorn	22
Trust Houses	15
Tube Invest.	30
Unilever	40
Utd. Drapery.	7½
Vickers	15
Woolworths	6
Property	
Brit. Land	3¾
Cap. Counties.	5
E.P.	5
Intreuropean	4
Land Secs.	18
MEPC	12½
Peachey	10
Samuel Props.	10
Town & City	2
Oils	
Brit. Petroleum.	35
Burmah Oil	7
Charterhall	3½
Shell	28
Ultramar	22
Mines	
Charter Cons.	12
Cons. Gold	20
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Tuesday February 7 1978

Barnett gives warning on tax cut hopes

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

MR. JOEL BARNETT, the Chief Secretary to the Treasury, warned yesterday against "the danger of expecting too much in the way of cuts in direct tax in the immediate years ahead."

He was appearing before the general sub-committee of the Commons Expenditure Committee, in the last of its three sessions with the Treasury to discuss the annual spending White Paper.

Mr. Barnett confirmed the *Government's effective abandonment* of hopes of an early return to full employment when he admitted that the *original target* of a 3 per cent. unemployment rate by 1979 *would almost certainly not be achieved.*

He said the Government hoped to be able to make *substantial cuts in direct tax in* real terms in the years ahead, *but warned of the danger of* exaggerated expectations of *what could be done in the next* few years in view of the many *competing claims on* North Sea revenue.

Determination

Although Mr. Barnett did not refer to the Spring Budget, the Government clearly wants to avoid building hopes excessively in view of the many uncertainties about economic prospects. The new forecasts are not yet available in Whitehall, but there are growing warnings from the City about the dangers of excessive reflation.

On the outlook for the world economy, Mr. Barnett stressed the Government's determination to use forthcoming international meetings to persuade the stronger economies to take action to expand more than seems likely at present.

He was questioned about the remarks to the sub-committee last Thursday by Mr. Frank Cassell, a senior Treasury economist, that unless there was a major improvement in industrial performance a 3½ per cent. growth rate would still leave unemployment of more than 1m. in 1982.

Mr. Barnett said it was fair to make *this assessment on the* basis of past performance by comparison *with other* countries and extrapolating. *But he believed there was a* "good chance of doing better *now than in the past.*"

Mr. Barnett had some brisk exchanges with Mr. Brian Sedgemore, a Left-wing Labour *MP*, who said *the sub-committee* was not getting very far forward and was becoming increasingly frustrated in the *absence of a medium-term* economic assessment for the *next four years.*

Mr. Barnett defended his officials against *Mr.* Sedgemore's description of them as "dexterous" and his comment about the "ballerina steps of advisers."

The expenditure committee published yesterday a series of recent Treasury memoranda on the control of spending and the contents of the annual White Paper.

Philip Rawstorne writes: The *Labour Party's home policy* committee, under Mr. Anthony Wedgwood Benn, *last night* decided to press the Chancellor *of the Exchequer to reflate the* economy by £2.7bn. in the *spring budget.*

A Transport House paper, *which will form the basis of* the committee's "shopping list," suggests *tax concessions* worth £1.67 a week for every *taxpayer, increases in pensions* and child benefits, and more *spending on housing, education* and the Health Service.

It *also suggests* that the International Monetary Fund *loan should be repaid* immediately.

Expenditure committee report, Page 8

Israel sends arms for Ethiopia

BY DAVID LENNON TEL AVIV, Feb. 6.

ISRAEL has been sending *weapons to Ethiopia.* Mr. Moshe Dayan, the Foreign Minister, *confirmed for the first time* today. But Israel has not sent any *soldiers to the battle-torn* country, he said in an interview *in Zurich, reported here.*

Arab States have been charg*ing for some time that Israel* was involved in the Ethiopian *fighting. Jerusalem has refused* to comment on these reports, *except to deny that its pilots or* officers were participating in *the war.*

Israel provided Ethiopia with *extensive military aid in the* 1960s, but diplomatic relations *were severed at the time of the* 1973 Arab-Israel war. The contact *between the two countries* was renewed by the military junta which ousted Emperor Haile Selassie.

Israel responded to the Ethiopian request for arms after consultations with Washington. The Ethiopian army is still armed, mainly with American weapons, although in the last few months it has absorbed large quantities of Soviet equipment.

Israel's position is that, despite the current ties between the Ethiopian Government and the Soviet bloc, the West should prevent the dismemberment of that Christian country by its Moslem neighbours. It has been reported that Israel aided in the training of Ethiopian divisions and that Israeli cargo planes were seen landing in Addis Ababa.

David Bell reports from *Washington:* The Carter administration is extremely concerned *about the situation in the Horn* of Africa after reports that Cuban *pilots are flying in Ethiopian jets* against Somalia.

Officials declined immediate comment this morning on a report in Newsweek magazine that Soviet passenger ships are on *their way to Havana to pick up* 3,000 more Cuban reservists to serve in Ethiopia. But they acknowledged that they are tak*ing seriously reports that* East German technicians are now working *in Ethiopia alongside* Soviet "advisers" and in addition to the Cuban forces already there.

Furthermore, some officials believe that there may also be up to 500 troops *from* South Yemen in the country, trained and equipped by the Russians.

The U.S. has refused to supply *arms to Somalia, refused to* allow other nations to transfer American-made weapons to the Somalis and warned the Soviet Union and Cuba not to aid the Ethiopians.

As evidence mounts that these warning have been ignored, the administration faces a dilemma compounded by Saudi Arabia, which is believed to have supplied arms to Somalia. It has also urged the U.S. to give more support to the Somali regime.

American officials concede that the American refusal to do this has greatly irritated the Saudis

Weather

U.K. TO-DAY

EASTERN half of England, Scotland and Northern Ireland cloudy, rain and sleet or snow in the east. Western half of England and Wales dry and bright.

London, E. Anglia, E. and S.E. England, E. Midlands

Mostly cloudy, occasional rain or sleet. Max. 5C (41F).

W. Midlands, Cent. S. and N.W. England, N. Wales, Lake District

Dry, bright or sunny intervals, slight frost and fog patches early and late. Max. 6C (43F).

Channel Islands, S.W. England, S. Wales

Mostly dry, cloudy. Max. 9C (48F).

Isle of Man, Glasgow, N.W. and S.W. Scotland, N. Ireland

Cloudy, rain. Wind S.E. light. Max. 7C (45F).

Cent. N. and N.E. England, Borders, Edinburgh, Dundee, Cent. Highlands

Cloudy, rain or sleet, snow on hills. Wind S. or S.E., light. Max. 5C (41F).

N.E. Scotland, Orkney, Shetland

Cloudy, rain or sleet, snow on hills. Wind S.E., moderate or fresh. Max. 4C (39F).

Outlook: Dry, some rain in the W. Fog patches. Near normal temperatures in the W., rather cold in the E. Night frost.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amstrdm.	C	5	41	Luxembrg.	C	1	34
Athens	C	10	50	Madrid	S	10	50
Barcelona	F	13	55	Manchstr.	Dr	6	43
Beirut	C	15	59	Melbourne	R	17	63
Belfast	F	6	43	Milan	F	2	36
Belgrade	Sn	0	32	Moscow	C	−8	18
Berlin	Sn	−1	30	Munich	C	−1	30
Birmghm.	R	6	43	Newcastle	R	5	41
Bristol	C	7	45	Oslo	Sn	−4	25
Brussels	C	6	43	Paris	C	6	43
Budapest	F	2	36	Perth	S	33	92
Cardiff	F	7	45	Prague	Sn	−3	27
Cologne	C	3	37	Reykjavik	C	4	39
Copnhagn.	Sn	−2	28	Rome	Sn	8	46
Dublin	F	7	45	Stockholm	Sn	−3	27
Edinburgh	R	4	39	Strasbrg.	C	4	39
Frankfurt	C	1	34	Sydney	F	25	77
Geneva	C	5	41	Tel Aviv	C	15	59
Glasgow	F	7	45	Vienna	C	0	32
Helsinki	C	−11	12	Warsaw	C	−4	25
Lisbon	S	13	55	Zurich	Sl	2	36
London	F	8	46				

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	R	9	48	Jersey	S	8	46
Algiers	C	15	59	Las Plms.	F	22	72
Biarritz	C	10	50	Locarno	S	3	37
Blackpool	C	6	43	Majorca	S	14	57
Bordeaux	F	9	48	Malaga	S	17	63
Boulogne	C	6	43	Malta	C	12	54
Casablnca.	Fg	12	54	Naples	F	8	46
Corfu	S	14	57	Nice	C	8	46
Dubrovnik	S	10	50	Nicosia	F	17	63
Faro	S	18	64	Oporto	S	14	57
Florence	S	7	45	Rhodes	C	15	59
Funchal	F	17	63	Salzburg	C	0	32
Gibraltar	S	16	61	Tangier	F	18	64
Guernsey	F	8	46	Tenerife	C	20	68
Innsbruck	F	1	34	Tunis	C	12	54
Inverness	C	2	36	Valencia	S	16	61
I. of Man	F	7	45	Venice	Sn	7	45
Istanbul	R	6	43				

S—Sunny. F—Fair. C—Cloudy. R—Rain. Sn—Snow. Fg—Fog. Dr—Drizzle. Sl—Sleet.

Ford drive to maintain 30% market share

BY STUART ALEXANDER

FORD IS preparing a major onslaught on the U.K. car market in the first six months of this *year in a bid to maintain the 30* per cent. market share it *achieved late last year and into* January.

It plans to have 280,000 cars available, 100,000 more than in the same period of 1977—a move likely to lead to a fierce battle between the *major manufacturers.*

Ford says it has sufficient production capacity in Britain and *would like to see most of* the additional cars made in the U.K.

But it accepts that the con*tinuing dispute at Halewood, now* in its fifth week, could seriously *disrupt its marketing plans, and* is prepared to bring in, where *possible, extra cars from overseas* rather than see customers lost to *rival manufacturers.*

The strike, by 1,000 pressroom workers, *has stopped production* of the Escort for the past four *weeks.*

No further meetings have been *arranged to try to break the dead*lock over disputed productivity *and work schedules.* Ford management thought some measure *of agreement had been reached* last week but the strikers went *back to their original opposition* to three points of the Ford plan.

A decision on whether to make the strike official is likely this *week. The strike has cost over* £41m., at showroom prices, in *Escort sales and caused 10,000 to* be laid off. More men, at the *company's Southampton plant,* could be laid off this week.

Other manufacturers are already mounting vigorous campaigns. Leyland is beginning a new Superdeal promotion this week in a bid to boost its sare from just over 20 per cent. it *achieved in January to nearer* the 27 per cent. it considers *necessary this year.*

That campaign is scheduled to *last for three months and* Leyland has built stocks to satisfy projected demand.

Chrysler and Vauxhall are ready to launch extensive advertising and promotional campaigns, and the importers like Fiat, Renault, Datsun, Volkswagen and Citroen are poised to take advantage of any upturn.

Ford is thus anxious to have available the number of cars it needs. Already, there is a long waiting list for the Cortina, in spite of some production at the Saarlouis plant being diverted to supply the U.K. market.

Last year, the Valencia Fiesta plant helped to supply the U.K. market when there was a shortage, and this could be repeated.

Successful

January has been a succesful *month for car sales.* While this may not be typical of a year *expected to fluctuate month by* month, most importers have *already asked their factories for* increased U.K. allocation.

*Renault's target is 70,000 com*pared with 57,000 last year. The *company will be giving special* emphasis to its Renault 14.

Citroen reports its best January, with sales up 75 per cent. on last year at 2,800.

Fiat will concentrate on consolidating its U.K. sales, though it is looking for an extra 100 dealers, and is already predict*ing that 1979 should see its sales* up to 90,000.

Datsun would give no details but *a report* from Japan yesterday said it was unlikely that the Japanese manufacturers would give any undertakings to restrict U.K. sales in 1978.

Talks between the Society of Motor Manufacturers and Traders and Japanese Automobile Manufacturers' Association are due to begin in Tokyo to-day but the Japanese industry is thought to be willing to give only vague assurances on limiting sales, while promising to consider increased purchases of British components.

Last year, Japanese car sales accounted for 10.6 per cent. of the U.K. market. At 140,145, *sales* were up by 15.7 per cent. on 1976.

Volkswagen hopes *for a 20 per* cent. increase in 1978 to 62,000.

Supplies were short last year but, with the opening of the new *U.S. plant in April, capacity will* be released in West Germany to *supply all the European markets.*

Chrysler hopes to have up to *50 per cent. more vehicles available compared with first six months of 1977, partly because* of its new Sunbeam model, and *partly because of much improved* production.

Vauxhall is also hoping for more cars to be available after *recruiting 3,000 more workers.*

Continued from Page 1

Sanctions policy

*an issue on which the Govern*ment was on weak ground.

According to this view, the key point was that the electrical contractors had already made a wage contract with the union. This made unlawful the subsequent attempt of the Department to change it, in the face of opposition by at least one of the parties. They found the Attorney-General's statement ambivalent.

Sir Geoffrey Howe, the Shadow Chancellor, said the Attorney-General had made "a very important admission of constitutional impropriety. What they have done is to slip into a statutory incomes policy without a statute."

He said, many companies which had entered into lawfully binding agreements were being punished, often without knowing about it, for offences of which they were unaware.

Mr. Peter Walker, a Tory former Cabinet Minister, named three more companies which he said were on the blacklist. They were Film Transport Services of Neasden, London; the associated Penny and Giles Transducers of Christchurch, Dorset; and Penny and Giles Data Recorders of the same address.

The disputed part of the January 1 electrical contracting agreement is a payment of between 16p and 26p an hour for men who cannot get, or are waiting to get, bonus schemes.

The Department of Employment complained after the deal was signed that these payments might put the deal above the 10 per cent. guideline. It said this payment should be cut by a quarter.

Continued from Page 1

Franc

end of the day probably indicated some profit taking. At *F-Frs.9.5557 sterling touched its* highest level against the franc *since May, 1975.*

The Bank of France spent $30m. *at the fixing to protect the* franc and probably about as *much again in later trading.* On this evidence, the official policy *is still to intervene only in small* amounts to control the pace of *movement on the market,* rather than to oppose market move*ments as such.*

Foreign exchange dealers said *that* the increase in domestic interest rates to 9¾ per cent. for *overnight* money, up ¾ from last week, had little effect on the *franc.*

They are prepared for a pre*electoral period to steady erosion* of the franc and do not expect *the Bank to bring out its big* guns unless the Frs.5 to the dollar *barrier is seriously threatened.*

Colin Millham writes: The French franc and *sterling* were the weakest European currencies in London, but pressure was not heavy on either, according to dealers.

Nervousness about the British labour situation, and fears of a Left-wing victory in the French election, remained the dominant factors. Both currencies tended to improve towards the close, probably helped by the lack of trading in New York following reports of severe weather conditions.

Intervention by the French authorities was on a small scale, *and although the franc fell to* Frs.4.9540 against the dollar, it *closed at Frs.4.93, compared with* Frs.4.91 on Friday. It is doubtful *whether the Bank of England* gave any help to the pound, which *fell to a low of $1.9315, before* closing at $1.9390, a fall of 25 *points on the day.*

NEB now free to sell up to £1m. holdings

BY JOHN ELLIOTT AND MARGARET REID

ATTEMPTS by the National *Enterprise Board to meet criti*cisms of its operations have been *helped by Government agree*ment that it can sell investments *of up to £1m. without detailed* approval from the Department of *Industry.*

The change is part of the Board's bid to show that it is a flexible and not doctrinaire organisation. It was disclosed yesterday, when Sir Leslie Murphy, its chairman, spoke about his first six months in office.

He took over from Lord Ryder last summer and has just submitted the NEB's first corporate plan, covering the next five years, to the Government.

Dealing with individual NEB companies, Sir Leslie said that he would be "very surprised" if Rolls-Royce did not "break even" for 1977, dispelling rumours that it had up to a £100m. loss.

At the same time he confirmed that Alfred Herbert, the Board's machine tool subsidiary, had asked for product development and investment funds from both the NEB and a Government industrial aid scheme, and admitted that a major reason for the Board's buying the non-aviation interests of the Fairey Group in December was a hope of developing one of its subsidiaries in hydraulics.

Sir Leslie went to some lengths to stress that his organisation was "flexible and pragmatic." He showed the importance he places on winning acceptance from interests such as industrialists, financiers and the Conservative Party when he said: "In the past six months our relations with the CBI and indus*try have improved markedly.*"

He had also had talks with Tory Party leaders *who, he* thought, had shifted from their *earlier position of intending to* abolish the NEB should they win *the next election.* "*We need a* consensus in these things," he *said.*

The new freedom to sell *individual NEB investments of* up to £1m. without detailed *Government approval forms part* of Sir Leslie's attempts to show *that the NEB wants to work "in* partnership with industry" and *as a "bridge" between public* and private sectors.

He hopes that it will make it easier for the NEB to persuade *companies, particularly smaller* ones in the regions, that accept*ing NEB cash does not forever* tie them down.

The arrangements informally amend the NEB's guidelines, *issued in 1976 under the Industry* Act 1975. The change results *from an exchange of letters* between Mr. Eric Varley, Sec*retary for Industry, and Sir* Leslie. Mr. Varley told the Board *chairman he could see no reason* why he should ever want to *withold his consent to the NEB's* agreeing to such a repurchase of *its shares in a company.*

The idea is that when the NEB injects cash into a company and takes a share stake, it should be able to agree then to re-sell this holding later if other share*holders wanted to buy it.*

This could arise where the NEB takes a minority stake in a private company whose controlling shareholder may eventually want to rebuild his stake after a planned expansion has been successfully completed.

A corporate plan for Alfred Herbert is being prepared by the Board and the company. As part of this, Herbert has asked the NEB for more equity to help with urgent investment plans, and applied for financial assistance under the machine-tool industry aid scheme.

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Examine devolution options, says Pym

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

NO FURTHER move should be *made towards devolution in Scot*land until an all-party committee has *examined the available* options, Mr. Francis Pym, Conservative spokesman *on devolu*tion, said yesterday.

Once the committee had reported its deliberations should be put before the Commons, he said in a major speech in Edinburgh. It should then be for the Commons to indicate which option to adopt.

Only then should the Government produce a draft Bill for the House to consider how the principles should be codified.

Finally, a select committee should examine the details. Only after it had reported should the Commons deal with the Bill in the normal way.

This course could take up to three years. But the Commons had already spent three years debating the issue of devolution and was totally unconvinced and unhappy about what was being forced through.

"Whatever the votes may have been," he said, referring to the committee stage of the Scotland Bill, which ended its passage in the Commons last week, "the Commons just does not believe in this Bill.

"The reason for this is simple. *The Government* has failed to look at devolution in a U.K. context. *It has taken an unashamedly* partisan approach. That cannot be right."

Mr. Pym's speech will be seen *both in Scotland and* Westminster as a delaying action.

He has admitted, implicitly, that the Conservatives do not even now have a policy on devolution but want a constitutional committee to come up with suggestions which the Commons can discuss.

Richard Evans, Lobby Editor, writes: Anti-devolution Labour MPs are attempting to block moves by the Government to reverse the Commons decision that 40 per cent. of the Scottish electorate must vote in favour of a referendum on devolution for it to take effect.

Amendments have been tabled by the two Labour MPs who forced through the 40 per cent. requirement to meet the major criticism that "dead men's votes" would count in the referendum.

THE LEX COLUMN

Question time for dividend curbs

Index fell 0.6 to 458.1

In the next day or so, the Chancellor of the Exchequer is due to answer a private question on the future of dividend controls. Will he take the chance to clear up the *general confusion* about what is going to happen to statutory controls when the *current* legislation runs out on July 31? *Positive confirmation that* controls are to end would certainly give a helpful shot in the arm to the flagging capital markets.

Maybe he will decide to keep his options open. But in practical terms *it must be* extremely doubtful whether the limits could be extended beyond the summer, even if that was what the Government wanted. The key point is that whereas last year the controls *could* be pushed through by subordinate legislation without a vote, *this year it would* require a new Act of Parliament to keep them in being. Given the current political balance, getting that through would be much more than a mere technicality.

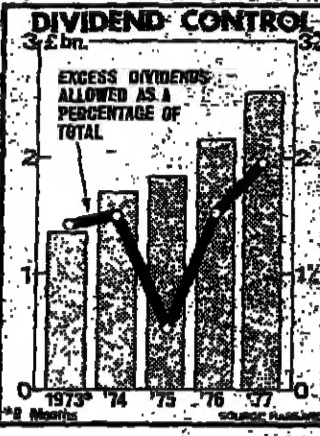
The controls to date have been specifically tied to pay guidelines. The betting must be strongly against any extension of this kind of formula, *and an attempt to curb* dividends without touching pay and prices would be assured of a hot reception.

Meanwhile, in the absence of any *clear* statement of intent, companies are placed in an awkward position when it comes to making dividend forecasts in rights issues and takeover defence documents. They cannot get Treasury approval *for anything payable after July,* since the present legislation does not extend that far. But there is no guarantee that they will not be caught by any new form of controls that might be imposed.

So it would be *helpful if* the Chancellor at the very least could give an undertaking that *firm commitments* entered into under circumstances which *would qualify for special divi*dend treatment under the present legislation will be honoured whatever happens after July.

The strength of the existing rules was demonstrated in a reply to another private question recently, which showed that over the last five years the dividend payments which were permitted in excess of the statutory limits represented only 1.4 per cent. of total dividends paid. These figures exclude the 52 companies who have escaped the net altogether on the grounds that most of their operations are overseas. But they still show that the *Treasury* has been much tougher in applying the rules than has sometimes been suggested.

However, this does not mean that dividends in aggregate would have been higher but for the legislation. Controls have merely served to narrow the distinction in the capital market between efficient and moribund companies. The sooner they are *scrapped, the better.*



Interest rate futures

New York has always regarded itself as far and away the most important U.S. financial centre but it looks as if Chicago has stolen a march on it in the fast growing interest *rate futures market.* Yesterday, an offshoot of the New York-based American Stock Exchange announced that it intended to get in on the act and asked the U.S. authorities for permission to trade futures contracts in Government National Mortgage Association Securities ("*Ginnie Mae*" futures) something that the Chicago Board of Trade has been doing for over two years. Even here in London growing interest is being shown in the idea.

Since it started in the autumn of 1975 the U.S. interest rate futures market has grown dramatically. It is seen as a useful and cheap way of hedging against interest rate movements and judging by the volume of current trading the idea appears to be catching on, despite *initial reservations from* the more traditional Government bond dealers.

The market is dominated by the Chicago Board of Trade—*America's oldest and largest* futures exchange. In January 48,423 "Ginnie Mae" futures contracts were traded and although this is still tiny compared with the 595,640 soya bean futures contracts traded during the same period, the number has more than doubled over the year. Last autumn, the Board of Trade added long-term *Government bonds* and 90-day commercial paper to its list. Meanwhile the neighbouring Mercantile Exchange deals in 90-day treasury bill futures (January contracts amounted to 37,889) and plans to issue futures contracts in 4-year notes and one-year Treasury bills in *the near future.*

Given the much greater volatility of U.K. interest rates, the idea of a U.K. interest rate futures market is being canvassed in *certain quarters of the* City: the discount houses in *particular might find it useful* it is argued. But apart from all the technical obstacles that need to be overcome, any such market would automatically need the Bank of England's blessing and as yet it has not even *addressed itself to the* possibility.

Cut price bid

Coral's £53m. offer for Pontin's involves a ploy to reduce stamp duty which is novel in a bid of this size. The scrip issue is an old trick to this end. By, say, doubling the share capital of the company being acquired the value attached *to the* original shares, on which duty is payable, is halved. The new shares are temporarily exempt from the duty.

But Coral then *goes one* better. Pontin's is to convert its *original* shares into cumulative Preference shares which Coral will then buy for 4p each. The bulk of the value of Pontin's will thus be shifted onto the shares issued by scrip on which no stamp duty is payable. *Stamp duty* on the whole value of the offer would have been over £1m. Pontin's two-stage capital reconstruction will cut this to just under £100,000. Nice for Coral, and of course Pontin's shareholders are not affected by the move.

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